

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Sonia Varun Family Limited Partnership

95-01177

Name of Respondents

J.B. Oxford & Co.
Fred Deveraux

REPRESENTATION

For Claimant Sonia Varun Family Limited Partnership ("Claimant"): Vinay Gulati, General Partner of the Sonia Varun Family Limited Partnership.

For Respondent JB Oxford & Co. ("JBOC"): Scott G. Monson, Associate General Counsel for JB Oxford & Company.

For Respondent Fred Devereaux, Jr. ("Devereaux") was not represented.

CASE INFORMATION

Statement of Claim filed: March 7, 1995
Claimant's Submission Agreement signed on: February 1, 1995

Statement of Answer filed by JBOC on: August 28, 1995
JBOC's Submission Agreement signed by Albert Laubenstein, Director of Compliance and Vice President for JB Oxford on: July 11, 1995

Devereaux neither executed a Submission Agreement nor did he file and Answer.

HEARING INFORMATION

Hearing Date/Session: March 4, 1996 - one session

Hearing Location: NASD Executive Office, Washington, DC

CASE SUMMARY

Claimant alleged, among other things, that Respondents JBOC and Devereaux made unauthorized trades while failing to execute orders that had been properly placed. Claimant alleged that potentially profitable situations were lost whereas trades made without authorization performed poorly causing Claimant to suffer losses. Claimant alleged that its General Partner, Vinay Gulati ("Gulati") did not even learned about the unauthorized trades until receipt of confirmation statements which described transaction of securities. Gulati alleged that Devereaux continually lied and made material misrepresentation to Gulati which caused losses to Claimant's account. Claimant alleged that JBOC and Devereaux mishandled Claimant's account and that JBOC failed to supervise Devereaux. Claimant alleged a punitive damage claim based upon Respondents frauds, front-running, failure to disclose information, unauthorized trades, failure to execute and breach of fiduciary duty.

JBOC denied all allegations of wrongdoing alleged by Claimant. JBOC maintained that the trading in Claimant's account was done by Gulati and that Gulati established a pattern of failing to pay for stocks he purchased and would cover fed calls by liquidating long stock positions. JBOC maintained that Gulati was warned of the effect that his failure to meet calls would have on his account. JBOC maintained that had the orders that Claimant alleged were placed been placed, then they would have been executed. JBOC maintained that as it makes money for executed trades that failing to execute trades would not make sense. JBOC further maintained that Claimant never complained about unauthorized trades; that Gulati was informed when his order was reduced to reflect Claimant's buying power; that orders were entered in a timely fashion; and, that losses in Claimant's account were due to Gulati's actions.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$11,984.25 plus punitive damages in the amount of \$35,984.25.

JBOC requested that Claimant's claim be dismissed summarily and that Claimant be ordered to pay JBOC's costs and expenses, including reasonable attorney's fees incurred in defending this frivolous action.

OTHER ISSUES CONSIDERED & DECIDED

On February 23, 1996, Respondent JBOC and Claimant notified the NASD that they had reached a settlement, therefore, no award is entered between Claimant and JBOC.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

Devereaux did not participate in the above captioned matter. Mailings in this matter initially sent by first class mail were not returned. The first mailing sent to Devereaux by certified mail was signed for and but returned to the NASD two months later as "unclaimed" (See Attachment A). The NASD's Central Registration Depository reflects that service by the NASD Arbitration Department was properly effectuated on Devereaux reported address. Hearing information, case packet sent Certified Mail to Devereaux on February 5, 1996, was returned to the NASD March 8, 1996 as unclaimed (See Attachment B). Hearing location information and hearing advance sheet were sent Federal Express Delivery - signature required. Devereaux did not sign for the packet and it was returned to the NASD on March 8, 1996 (See Attachment C).

Based on the above record, the Panel determined that notice on Devereaux was satisfied and the Panel pursuant to Section 12(a) of the Code of Arbitration Procedure exercised its jurisdiction over Devereaux. Therefore, Devereaux is bound by the rulings and determinations of this Panel.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondent Fred Devereaux, Jr. is liable to Claimant and shall pay to Claimant the sum of \$5,728.00; no pre judgment interest is awarded on this amount.
2. That Claimant's claim for punitive damages is denied.
3. That parties shall bear their own costs and expenses, including attorney's fees.

Varun Family Award
Case Number 95-01177
Page 4

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the hearing session deposit of \$400 initially waived for Claimant shall remain waived by the Panel so that no fees are due from Claimant.

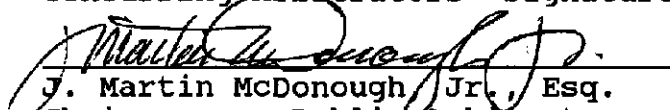
Respondent Devereaux is assessed the hearing session fee of \$400 for this arbitration.

Fees are payable to the National Association of Securities Dealers, Inc.

Date

4-3-96

Concurring Arbitrators' Signature


J. Martin McDonough, Jr., Esq.
Chairperson, Public Arbitrator

Oscar W. Carlson, Jr.
Industry Arbitrator

Leonard E. Benade
Public Arbitrator

Date Award Served by the NASD:

April 8, 1996

Varun Family Award
Case Number 95-01177
Page 4

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Industry Arbitrator

4/2/96

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Leonard E. Benade
Public Arbitrator

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April 8, 1996