

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

PaineWebber, Inc.

95-01867

Name of Respondent

John O. Marquardt

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 18, 1995, Claimant, PaineWebber, Inc. ("PaineWebber"), through its representative and in-house counsel, Nicholas P. Kapur, Esq., located in Weehawken, NJ, alleged that Respondent, John O. Marquardt, caused it to pay a settlement to a former public customer and should be held liable for indemnification. Claimant further alleged that it hired Respondent as an Investment Executive on or about March 19, 1991. Claimant contended that on January 26, 1994, Respondent's employment was terminated for violating Section 1.1 of Claimant's Sales Practice Policy Manual which states that it is a violation of PaineWebber's policy for an Investment Executive to receive a loan from a client. Claimant further contended that one of its customers, Mary Elizabeth Hull, alleged that Respondent had executed unsuitable and inappropriate trades while in control of her RMA account and had borrowed \$2,000.00 from her account. Claimant alleged that, deeming the allegations indefensible, it settled the matter for \$8,910.00 on March 22, 1994. As a result of the above, Claimant alleged that it has suffered a loss for which Respondent should be held liable.

Respondent, John O. Marquardt, who appeared Pro Se, maintained that all of the investments in Mary Elizabeth Hull's account were PaineWebber's number one buy recommendations and were suitable investments for Mrs. Hull. Respondent further maintained that the transactions executed in Mrs. Hull's account were all authorized. Respondent contended that he did borrow \$2,000.00 from Mrs. Hull during August of 1993, but did not know that this was a violation as he was borrowing from a friend and next door neighbor, not from a client. Respondent further contended that he was not made aware of the settlement between PaineWebber and Mrs. Hull until several months after his discharge. As a result of the above, Respondent maintained that he should not be held liable.

RELIEF REQUESTED

Claimant, PaineWebber, Inc., requested \$8,910.00 in actual damages.

Respondent, John O. Marquardt, requested that the claims of the Claimant be dismissed.

**AWARD**

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Industry Arbitrator, James Mervin Benson, Jr., Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant, PaineWebber, Inc., on April 13, 1995, and by the Respondent, John O. Marquardt, on July 5, 1995.

And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent, John O. Marquardt, is liable and shall pay to the Claimant, PaineWebber, Inc., \$2,000.00 in actual damages.
2. Respondent, John O. Marquardt, is liable and shall pay to the Claimant, PaineWebber, Inc., interest at the rate of 10% per annum from March 22, 1994 to the date of payment of this Award.
3. The parties shall bear their respective costs.
4. The \$575.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant, PaineWebber, Inc., shall be retained by the NASD, Inc. Respondent, John O. Marquardt is liable and shall pay to the Claimant, PaineWebber, Inc., \$575.00 as reimbursement of the filing fee.

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**AFFIRMATION**

STATE OF Texas

COUNTY OF Dallas

I, James M. Broun, do hereby affirm upon my oath as arbitrator that I am  
the individual described herein and who executed this instrument, which is my oath and award.

  
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Signature of Arbitrator

DATE OF DECISION: October 31, 1995