

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

PaineWebber, Inc.

95-03199

Name of Respondent

Walter Cahn

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 3, 1995, Claimant PaineWebber, Inc. ("Claimant"), through its representative and in-house counsel, Melanie S. Cherdack, Esq., alleged that Respondent Walter Cahn ("Respondent"), opened an account with it on or about July 30, 1993, in Claimant's Plantation, FL, office. Claimant further alleged that Respondent's investment objectives were growth, speculation, income and investment grade, and that he had 30 years experience trading equities and bonds and 20 years trading options. Claimant contended Respondent listed his net worth as \$1,000,000.00, liquid assets of \$200,000.00 and annual income of \$150,000.00. Claimant further contended that Respondent signed a Client Agreement Form which provided for resolution of any disputes through arbitration.

Claimant alleged that on October 21, 1993, Respondent purchased 2000 shares of Sciclone Pharmaceuticals, Inc. ("SPI") and on January 20, 1994 he purchased an additional 1000 shares. Claimant further alleged that beginning in April of 1994 the price of SPI began to fall which led to PWI liquidating the account to meet margin call requirements. Claimant contended that subsequent to the liquidation an unsecured debit balance of \$9,136.40 remained in addition to a \$618.86 margin interest accrual. Claimant further contended that Respondent has refused to pay this debt and that as a result of the above, it has suffered a loss for which the Respondent should be held liable.

Respondent Walter Cahn, failed to file a Statement of Answer to the Statement of Claim.

RELIEF REQUESTED

Claimant PaineWebber, Inc., requested \$9,755.26 in actual damages plus interest, attorney's fees and costs.

Respondent Walter Cahn, failed to file a Statement of Answer to the Statement of Claim.

OTHER ISSUES CONSIDERED AND DECIDED

In accordance with Section 13 of the NASD Code of Arbitration Procedure, the Respondent Walter Cahn was served with the Statement of Claim by regular mail and failed to respond. In addition, an overdue answer notice and the notice of the identity of the arbitrator were sent certified mail and the signature card is on file at the NASD. Furthermore, the pursuant to the arbitrator's directive, the Respondent was served the Statement of Claim by certified mail and given an additional opportunity to respond which he failed to do. The signature card is on file at the NASD.

Pursuant to the by-laws of the NASD, the arbitrator determined that Respondent Walter Cahn, has notice of the Statement of Claim and is required to submit to this arbitration proceeding and is, therefore, bound by the arbitrator's ruling and determination.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Lewis Kurlantzick, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant PaineWebber, Inc., on August 24, 1995, and not by the Respondent Walter Cahn, as is required by Sections 12 and 13 of the NASD Code of Arbitration Procedure.

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. The Respondent Walter Cahn, is liable and shall pay to the Claimant PaineWebber, Inc., \$9,755.26 in actual damages.
2. The Respondent Walter Cahn, is liable and shall pay to the Claimant PaineWebber, Inc., simple interest at the rate of 9% from the date of this award to date of payment of the award.
3. 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. The Respondent Walter Cahn, is liable and shall pay to the Claimant PaineWebber, Inc., \$575.00 as reimbursement of the filing fee.
4. All other relief requests are denied.

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AFFIRMATION

I, **LEWIS KURLANTZICK**, 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.



Lewis Kurlantzick

DATE OF DECISION: February 29, 1996

Neutral List Selection System - Microsoft Internet Explorer provided by NASD

NASD

User: SHEPPARD
 Address: Main Office
 Address: User
 Address: Arbitrator

Arbitrator/Mediator

- Query
- Query Results
- Personal
- Addresses
- Existing Notes
- Note
- Background
- Hearing
- Skills/Qual
- E/E L/UB
- Subscriptions

Arbitrator List Panel

Mediator List Panel

Reports

System Help
 Screen Help
 Process Help
 Logout

Arbitrator/Mediator Addresses

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