

NASD REGULATION, INC. AWARD

NASD REGULATION, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Donald R. Grubb

96-02561

Name of Respondents

Ajay Nanda  
David L. Goodrich

REPRESENTATION

Claimant Donald Grubb, ("Claimant"), appeared Pro Se.

For Respondent Ajay Nanda, ("Nanda"), appeared William W. Allen, Esq., of the firm Gess Mattingly & Atchison, P.S.C., located in Lexington, Kentucky.

For Respondent David L. Goodrich, ("Goodrich"), appeared Paul D. Dorger, Esq., of the firm Keating Muething & Klekamp, P.L.L., located in Cincinnati, Ohio.

CASE INFORMATION

Statement of Claim filed: June 14, 1996.

Claimant's Submission Agreement signed on: July 5, 1996.

Statement of Answer filed by Respondent Nanda on: September 24, 1996

Respondent Nanda's Submission Agreement signed on: September 25, 1996.

Statement of Answer filed by Respondent Goodrich on: September 24, 1996.

Respondent Goodrich's Submission Agreement signed on: August 29, 1996.

HEARING INFORMATION

Pre-Hearing Conferences:	January 6, 1997	-	1 session
	January 17, 1997	-	1 session

Hearing Date/Sessions:	January 30, 1997	-	1 session
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Hearing Location: The hearing was held at the Sheraton Suites Hotel in Worthington, Ohio.

## CASE SUMMARY

Claimant alleged that in March, 1993 he received a call from Respondent Nanda, a representative of Hibbard Brown, who inquired about his interest in speculative stocks. Claimant further alleged that he told Nanda that his main responsibility was his daughter's college tuition. Claimant contended that he subsequently purchased shares of stock in several companies through Respondent Nanda. Claimant asserted that in September, 1994, he was advised that Respondent Nanda was now employed by Thomas James Associates, Inc. Claimant contended that Respondent Nanda failed to notify him that some of the shares he had purchased had declined in value. Claimant alleged that his account was subsequently transferred to Respondent Goodrich. Claimant further alleged that the value of his portfolio declined further and some of the stocks were sold at a loss. Claimant contended that he ceased doing business with Respondent Goodrich. Claimant further contended that his portfolio sustained a loss during the entire period in the amount of \$41,315.56.

Respondent Nanda maintained that he never assumed the obligation to continuously monitor the stocks purchased by the Claimant and to report changes in value on an ongoing basis. Respondent Nanda further maintained that applicable law specifically recognizes that he has no such duty or obligation to the Claimant or any other customer with a non-discretionary account. Respondent Nanda contended that the values of most or all of Claimant's securities were reported in the Wall Street Journal, to which the Claimant subscribed.

Respondent Goodrich maintained that, before taking over Claimant's account, he verified all of the account information, including, but not limited to, Claimant's investment objectives and financial status. Respondent Goodrich further maintained that, at all times, he was professional, informative and only made suitable investment recommendations based upon Claimant's investment objectives and financial status. Respondent Goodrich contended that his conversations with Claimant were always cordial and he had no reason to believe that Claimant was unhappy with their relationship.

## RELIEF REQUESTED

Claimant requested: (i) \$41,315.56, representing loss in value of his stock portfolio, (ii) \$14,400.00 loss of income for 36 months at \$400.00 per month and (iii) punitive damages.

Respondent Nanda requested dismissal of the Statement of Claim and assessment of forum fees and costs to the Claimant.

Respondent Goodrich requested dismissal of the Statement of Claim and assessment of forum fees, costs and attorney's fees to the Claimant.

## OTHER ISSUES CONSIDERED AND DECIDED

Respondents Nanda and Goodrich made Motions to Dismiss the Statement of Claim at the hearing. The panel reserved ruling on the Motions.

## 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. The Motions to Dismiss of each Respondent, made at the close of claimant's case, are overruled.
2. All claims against Respondents Nanda and Goodrich be and hereby are denied.

3. Each party shall bear its respective costs, including attorney's fees.
4. All other claims be and hereby are denied.

#### **FORUM FEES**

Pursuant to Rule 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the non-refundable hearing session deposit of \$150.00 submitted by the Claimant and have assessed the following forum fees:

2 pre-hearing sessions	x	\$300.00	=	\$600.00
1 hearing session	x	\$500.00	=	\$500.00
Total forum fees assessed			=	\$1,100.00

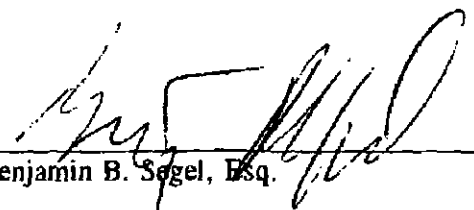
Claimant be and hereby is liable for \$550.00 representing one-half of forum fees assessed. Claimant previously deposited \$500.00 with NASD Regulation, Inc. Therefore, Claimant owes \$50.00.

Respondent Nanda be and hereby is liable for \$275.00 representing one quarter of forum fees assessed.

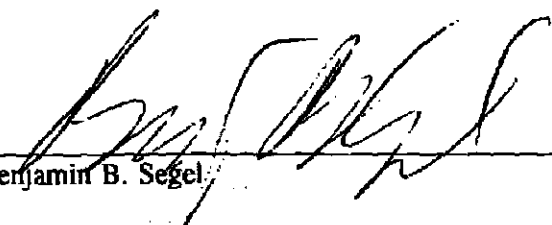
Respondent Goodrich be and hereby is liable for \$275.00 representing one quarter of forum fees assessed.

Fees are payable to the NASD Regulation, Inc.

**ARBITRATOR'S SIGNATURES**

  
Benjamin B. Segel, Esq.

I, Benjamin B. Segel, do hereby affirm that this is my decision in the above captioned matter.

  
Benjamin B. Segel


DATE OF DECISION: APRIL 2, 1997

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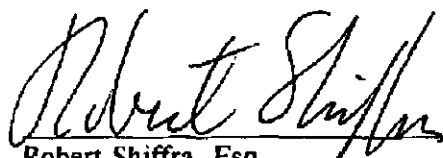
I, Bernard G. Lancione, do hereby affirm that this is my decision in the above captioned matter.

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DATE OF DECISION: APRIL 2, 1997

  
Robert Shiffra, Esq.

I, Robert Shiffra, do hereby affirm that this is my decision in the above captioned matter.

  
Robert Shiffra, Esq.

DATE OF DECISION: APRIL 2, 1997