

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Michael E. Friedman

96-02708

Name of Respondents

Lew Lieberbaum & Co., Inc.
Elliot Gayer
Indra Ramsahai

REPRESENTATION

For claimant Michael Friedman ("Claimant") appeared Jason Friedman a sole practioneer located in Brooklyn, New York.

For respondents Lew Lieberbaum & Co. ("Lieberbaum"), Elliot Gayer ("Gayer"), and Indra Ramsahai ("Ramsahai") appeared Lawrence P. Sandor, Esq. of the firm Lew Lieberbaum & Co. Inc., Garden City, New York.

CASE INFORMATION

The Statement of Claim was filed on June 25, 1996.

Claimant's Submission Agreement was signed on June 21, 1996.

Respondent's Joint Statement of Answer was filed on August 7, 1996.

Respondent Lieberbaum's Submission Agreement was signed on August 5, 1996.

Respondent Gayer's Submission Agreement was signed on August 7, 1996.

Respondent Ramsahai's Submission was signed on August 8, 1996.

HEARING INFORMATION

Pre-Hearing Conference:	November 15, 1996	-	1 Session
Hearing Dates/Sessions:	January 7, 1997	-	2 Sessions
	January 8, 1997	-	2 Sessions

The hearings were held at the offices of the National Association of Securities Dealers Regulation, Inc. located in New York City, New York.

CASE SUMMARY

Claimants alleged that Ramsahai churned his account in order to generate commissions. Claimant further alleged that on July 25, 1995, Ramsahai, his account executive, recommended that he purchase 25 options in Telef De Arg ("TDA") at a price of \$1 5/8. Claimant also alleged that he agreed to purchase TDA options. Claimant asserted that within two weeks after the purchase the options rose and he instructed Ramsahai to sell his option position, but she refused. Claimant further asserted that when the options in TDA expired, they became worthless, resulting in a loss of \$4,274.50.

Claimant also asserted that he told Ramsahai that he no longer wanted her as his account executive and that Ramsahai assured him that she would make up his financial loss on a future trade. Claimant contended that on September 7, 1995, Ramsahai recommended that he purchase BBTK stock. Claimant further contended that he purchased 1,000 shares of BBTK at \$25 1/4 and made it clear that he wanted a \$2.00 stop loss order as a condition of the purchase. Claimant alleged that despite his instructions, no stop order was put into place, and on October 11, 1995, he redeemed his shares in BBTK at a price of \$19 per share. Claimant further alleged that this resulted in a loss to him of \$6,474.00.

Claimant also alleged that on September 12, 1995, Ramsahai made an unauthorized purchase of 3700 shares of Repap Enterprises. Claimant asserted that he only learned of the purchase when Ramsahai called to request that he send her a check to pay the balance of the purchase. Claimant further asserted that he covered the purchase, but instructed Ramsahai to sell the stock if the price fell to \$7.00. Claimant also asserted that Ramsahai ignored his instructions and sold 400 shares and the remaining 3300 shares. Claimant contended that this resulted in a loss to him of \$6,607.87.

Claimant contended that on October 10, 1995, Ramsahai recommended and he agreed to purchase 2000 shares in Ramtron International Corporation ("Ramtron"). Claimant further contended that Ramsahai told him the commission on this purchase would be \$200. Claimant also contended that he was charged a commission of \$1,000.

Claimant alleged that on or about November 9, 1995, Ramsahai telephoned him to tell him she had purchased 100 option contracts of Quantum Corporation ("Quantum") on his behalf at a cost of \$15,312.00. Claimant further alleged that this purchase was unauthorized and he instructed her to cancel the trade. Claimant also alleged that Ramsahai told him she would take care of breaking the trade. Claimant asserted that on November 13, 1995, he received a cancellation notice, and assumed his instructions were followed. However, claimant further asserted, that within the next week he received a confirmation notice that 91 option contracts Quantum had been purchased in his account.

Claimant also asserted that Ramsahai purchased 7 options contracts in Alantec Corporation ("Alantec") without his authorization. Claimant contended that he attempted on several occasions to correct the unauthorized trades, but Gayer, Lieberbaum's Director of Compliance stated that respondents had done nothing wrong concerning the Quantum trades. Claimant further contended that Gayer made him an offer settlement for \$500.00, but he declined the offer.

Respondents maintained that claimant was a sophisticated investor at the time he opened his account at Lieberbaum. Respondents further maintained that claimant never complained to anyone at Lieberbaum about a trade executed in his account from August 1992 through October 1995. Respondents also maintained claimant alleges that his account executive began purchasing options without his authorization in July 1995, but he continued to do business with her for months afterwards. Respondents contended that claimant and Ramsahai spoke with each other on a daily basis.

Respondents further contended that during a conversation with Gayer, claimant asserted that he had authorized Ramsahai to purchase as many Quantum option contracts as the cash in his account would allow, but that he did not wish to send in any additional money. Respondents also contended claimant never asked, and Ramsahai never agreed, to place a stop loss order on the BBTK stock. Respondents maintained that claimant being a sophisticated investor knew that a stop order could not be placed on an over-the-counter stock. Respondents further maintained that claimant made three separate purchases of option contracts in the month of December 1995. Respondents also maintained that claimant authorized the purchase of 7 Alantec options. Respondents contended that claimant authorized every trade which was executed in his account.

RELIEF REQUESTED

Claimant requested \$33,607.03 in damages, plus interest, punitive damages and costs associated with this action.

Respondents requested that the claims of claimant be dismissed in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

The arbitrators considered respondents motion to dismiss respondent Elliot Gayer, and denied the motion.

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 NASDR.

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 claims of claimant Michael Friedman against respondents Lieberbaum, Gayer and Ramsahai are dismissed in their entirety.
2. All other relief requests are denied.

FORUM FEES

Pursuant to Section 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASDR shall retain the \$120.00 non-refundable filing fee previously deposited by claimant and have assessed the following Forum Fees.

1 Pre-Hearing Conference X \$300.00		\$ 300.00
4 Hearing Sessions X \$400.00	+	\$1,600.00
minus Hearing deposit \$400.00	-	\$ 400.00
Total outstanding	=	\$1,500.00

Respondents be and hereby are jointly and severally liable and shall pay NASDR the sum of \$1,500.00, representing the total amount of forum fees assessed. Respondents be and hereby are jointly and severally liable and shall pay claimant the sum of \$400.00 as reimbursement of the hearing session deposit.

Concurring Arbitrators' Signatures

I, David Billet, do hereby affirm pursuant to Article 7507 of the Civil Practice Law & Rules that this is my decision in the above-captioned matter.

David S. Billet, Esq.
Public Arbitrator - Chairperson

I, Richard H. Sommer, do hereby affirm pursuant to Article 7507 of the Civil Practice Law & Rules that this is my decision in the above-captioned matter.


Richard H. Sommer
Public Arbitrator

I, Fred Shingel, do hereby affirm pursuant to Article 7507 of the Civil Practice Law & Rules that this is my decision in the above-captioned matter.

Fred Shingel
Industry Arbitrator

Date of Decision: February 3, 1997

Concurring Arbitrators' Signatures

I, David Billet, do hereby affirm pursuant to Article 7507 of the Civil Practice Law & Rules that this is my decision in the above-captioned matter.

David S. Billet, Esq.
Public Arbitrator - Chairperson

I, Richard H. Sommer, do hereby affirm pursuant to Article 7507 of the Civil Practice Law & Rules that this is my decision in the above-captioned matter.

Richard H. Sommer
Public Arbitrator

I, Fred Shinagel, do hereby affirm pursuant to Article 7507 of the Civil Practice Law & Rules that this is my decision in the above captioned matter.

Fred Shinagel
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Industry Arbitrator

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Fred Shinagel
Industry Arbitrator

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