

NASD REGULATION AWARD

In the Matter of the Arbitration Between

Name of Claimants

Dost Mohammed
Arshad Ali

96-04260

Name of Respondents

Whitehall Securities, Inc.
Tanwir A. Khan

REPRESENTATION

For claimants Dost Mohammed ("Mohammed") and Arshad Ali ("Ali") (collectively "claimants") appeared John E. Lawlor, Esq., with law offices located in Mineola, New York.

For respondents Whitehall Securities ("Whitehall") and Tanwir A. Khan ("Khan") appeared Jeffery G. Pittell, Esq., with law offices located in New York, New York.

CASE INFORMATION

Statement of Claim was filed on: September 21, 1996.

Mohammed's Submission Agreement was signed on: September 10, 1996.

Ali's Submission Agreement was signed on: September 10, 1996.

A Joint Statement of Answer was filed by respondents on: December 19, 1996.

Respondent Whitehall's Submission Agreement was signed on: December 17, 1996.

Respondent Khan's Submission Agreement was signed on: December 17, 1996.

HEARING INFORMATION

Hearing Dates/Sessions:

May 13, 1997	-	Two Sessions
June 18, 1997	-	Two Sessions
June 19, 1997	-	Two Sessions

The hearings were conducted at the offices of NASD Regulation, Inc. located in New York, New York.

CASE SUMMARY

Claimants contended that, prior to opening an account with Whitehall, they had no prior experience in the securities markets or in trading securities. Claimants alleged that they spoke with Khan about opening

an account and that he advised them that they would double their money within three months, that their accounts would be insured up to \$1,500,000.00, that they would not lose their money and that, if they did, he would reimburse them. Claimants contended that they trusted Khan because he was of the same ethnic descent as they were and that, based upon his representations and the understanding that Khan would manage their accounts in a professional and prudent manner, they each opened an account. Claimants alleged that respondents mismanaged their accounts by: 1) churning their accounts; 2) investing in unsuitable securities; 3) trading without authorization; and 4) effecting purchases and sales on margin without their consent or knowledge. In addition, claimants alleged that respondents concealed their activities by mailing their account statements directly to Khan's office. Claimants also alleged that Whitehall failed to supervise Khan.

Claimants denied the allegations set forth in Khan's counterclaim.

Respondents contended that, when they opened their accounts, claimants represented that they were wealthy entrepreneurs who operated a variety of businesses and who had years of experience investing in options, stocks, bonds and real estate. Respondents alleged that claimants were aware of the risks involved in investing in options because they provided claimants with brochures which set forth those risks. In addition, respondents contended that claimants directed and approved all trades in their account, and regularly appeared at their offices to ensure that their accounts were being handled properly. Respondents further contended that all of the trades in claimants' accounts were executed pursuant to claimants' express directions. Respondents maintained that, at all times, Whitehall properly supervised Khan.

Respondent Khan asserted a counterclaim for slander and defamation. Khan contended that claimants attempted to discredit his reputation and to break the trust that other clients of the same national descent had placed in him.

RELIEF REQUESTED

Mohammed requested actual damages in the amount of \$28,500.00. Ali requested actual damages in the amount of \$25,000.00.

Respondents requested that the Statement of Claim be dismissed in its entirety with prejudice. In addition, respondents requested that they be awarded costs and attorneys' fees.

Khan, in his counterclaim, requested actual damages of no less than \$100,000.00.

OTHER ISSUES CONSIDERED & DECIDED

By letter dated July 8, 1997, respondents requested that the hearing in this matter be re-opened for the purpose of calling an additional witness. The panel reviewed all submissions pertaining to this request and determined to deny this request.

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. Respondents Whitehall and Khan be and hereby are jointly and severally liable for and shall pay to Mohammed the amount of **TWENTY FOUR THOUSAND FIFTY DOLLARS (\$24,050.00)** in compensatory damages.
2. Respondents Whitehall and Khan be and hereby are jointly and severally liable for and shall pay to Mohammed interest in the amount of **\$1,625.00**.
3. Respondents Whitehall and Khan be and hereby are jointly and severally liable for and shall pay to Ali the amount of **TWENTY SEVEN THOUSAND EIGHT HUNDRED SIXTY DOLLARS (\$27,860.00)** in compensatory damages.
4. Respondents Whitehall and Khan be and hereby are jointly and severally liable for and shall pay to claimant Ali interest in the amount of **\$1,880.00**.
5. Claimants' request for attorneys' fees is hereby denied.
6. Respondents Whitehall and Khan be and hereby are jointly and severally liable for and shall pay to claimants the sum of **\$500.00** to reimburse claimants for a portion of the filing fees previously deposited with NASD Regulation.
7. Respondent Khan's counterclaim is hereby dismissed in its entirety.
8. All other requests are hereby denied.

FORUM FEES

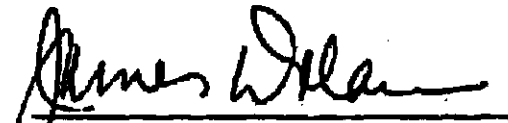
Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$150.00 non-refundable filing fee previously paid by claimants and the \$500.00 non-refundable filing fee previously paid by Khan and have assessed the following forum fees:


6 Hearing Sessions x \$500.00	=	\$3,000.00
member surcharge	=	\$ 300.00

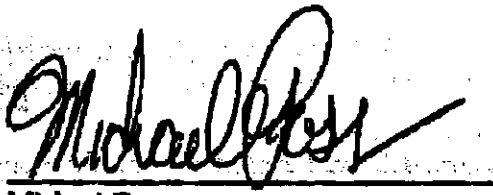
1. Respondents be and hereby are jointly and severally liable for the sum of **\$3,000.00**, representing the total amount of forum fees assessed. Claimants previously deposited \$500.00 and Khan previously deposited \$600.00, therefore, respondents shall pay the balance of **\$1,900.00** to NASD Regulation, Inc.
2. Respondents shall pay claimants the sum of **\$500.00** as provided in the "Award" section above.
3. Whitehall be and hereby is liable for and shall pay to NASD Regulation, Inc. the sum of **\$300.00**, representing the member surcharge.

Fees are payable to the NASD Regulation, Inc.

ARBITRATORS' SIGNATURES

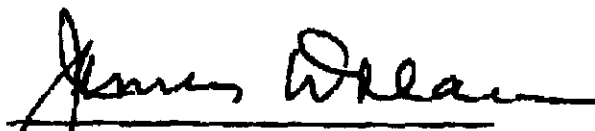

James Dolan, Esq.
Chairperson-Public Arbitrator


Ralph A. Gent, Esq.
Public Arbitrator


Michael Ross
Industry Arbitrator

Date of Decision: September 4, 1997

I, James Dolan, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.


James Dolan, Esq.

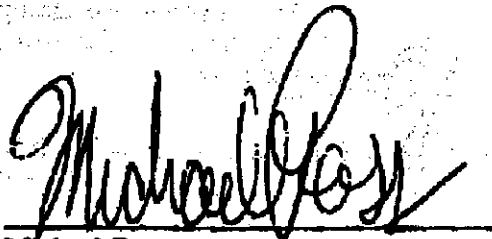
ARBITRATORS' SIGNATURES



James Dolan, Esq.
Chairperson-Public Arbitrator



Ralph A. Gant, Esq.
Public Arbitrator



Michael Ross
Industry Arbitrator

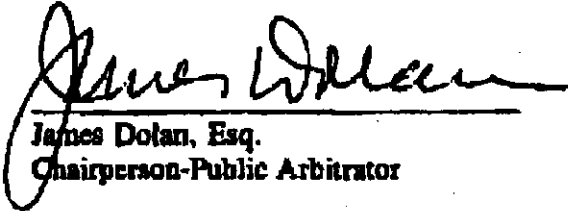
Date of Decision: September 4, 1997

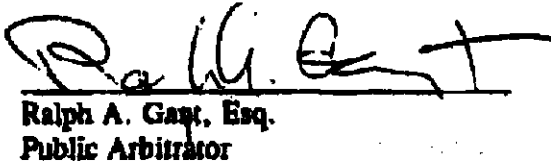
I, Ralph A. Gant, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

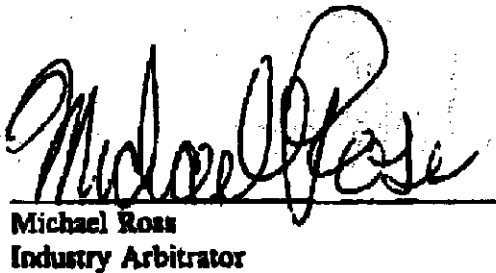


Ralph A. Gant, Esq.

ARBITRATORS' SIGNATURES


James Dolan, Esq.
Chairperson-Public Arbitrator


Ralph A. Gant, Esq.
Public Arbitrator


Michael Ross
Industry Arbitrator

Date of Decision: September 4, 1997

I, Michael Ross, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.


Michael Ross