

**AWARD**

**NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION**

In the matter of the Arbitration Between

**Name of Claimant(s)**

Davood Khalili

Arbitration  
No. 96-05070

**Name of Respondent(s)**

E\*Trade Securities, Inc.

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**REPRESENTATION**

For Claimant: Davood Khalili, Santa Clara, California

For Respondent: Tamiko Moore, Esq., E\*Trade Securities, Inc., Palo Alto, California

**CASE INFORMATION**

Statement of Claim filed: November 14, 1996

Claimant's Submission Agreement signed: November 13, 1996

Statement of Answer filed by Respondent: February 14, 1997

Respondent's Submission Agreement signed: January 29, 1997

**HEARING INFORMATION**

Pre-Hearing Conference Date(s)/Session(s):

August 7, 1997 (one session)

Hearing Date(s)/Session(s): October 23, 1997 (one session)

Hearing Location: San Francisco, California

### CASE SUMMARY

Claimant alleged that he suffered damages because of computer error, unauthorized transactions, erroneous data on his account, and irresponsibility of Respondent to respond and rectify the reported problems and charges made for journal time for checking Claimant's account and struggling with the problems associated with Respondent's computer/phone system. Claimant further alleged that he suffered monetary damages because of Respondent's negligence, irresponsibility and unfair business conduct with respect to investments in Mattson Technology Inc. (MTSN), Cypress Semiconductor Corp. (CY) and Micron Technology Inc. (MU) stocks.

Respondent denied Claimant's allegations of wrongdoing and alleged that Claimant's allegations have no foundation. Respondent further alleged that Claimant has placed 53 buy and sell orders for MTSN, and 23 buy and sell orders for CY and alleged that of these orders, 19 were rejected for the following reasons: 1) insufficient funds in Claimant's account to purchase the shares, (2) an open order to sell the same shares was already open, (3) Claimant did not own the shares he was attempting to sell, and (4) sell stop orders for an OTC security (MTSN) were not being accepted by market makers. Respondent further alleged that the issue concerning the attempted purchase and sale of MU was previously presented to Respondent and was resolved in full and that Claimant has been adequately compensated for the MU shares. Regarding margin calls, Respondent alleged that Claimant was notified via e-mail of each and every margin call and further alleged that Claimant failed to read the e-mails that would have indicated to him how much cash he needed to bring in or the amount of securities he needed to sell to meet the calls.

### RELIEF REQUESTED

Claimant requested damages in the amount of \$29,250.00.

Respondent requested that Claimant's Claim be denied.

### OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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 NASD Regulation, Inc. (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. Respondent is liable for and shall pay to Claimant the sum of \$5,150.00.

2. The parties shall each bear their respective costs including attorney's fees.

### FORUM FEES

Pursuant to Section 10332(c) of the Code of Arbitration Procedure, the following forum fees are assessed: NASDR shall refund Claimant's hearing session deposit in the amount of \$650.00. Forum fees are assessed against Respondent in the amount of \$800.00, calculated as follows: One pre-hearing session times \$400.00 plus one hearing session times \$400.00.

Fees are payable to NASD Regulation, Inc.

### ARBITRATORS

Name	Public / Industry
Reed H. Bement, Esq.	Public Arbitrator
Lester Friedman, Esq.	Public Arbitrator
Michele Neureuter	Industry Arbitrator

Concurring Arbitrators' Signatures

Reed H. Bement  
Reed H. Bement, Esq.

Lester Friedman, Esq.

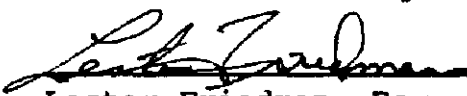
Michele Neureuter

Date of Decision: October 23, 1997

Date Served: November 3, 1997

Concurring Arbitrators' Signatures

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Reed H. Bement, Esq.

  
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Lester Friedman, Esq.

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Michele Neureuter

Date of Decision: \_\_\_\_\_

Date Served: November 3, 1997

Concurring Arbitrators' Signatures

\_\_\_\_\_  
Reed H. Bement, Esq.

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Lester Friedman, Esq.

Michele H. Neureuter  
Michele Neureuter

Date of Decision: 10/23/97

Date Served: November 3, 1997