

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Jennifer M. Schapiro

96-05127

Name of Respondents

Paul W. Haney  
Kedem Capital Corp.

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**CASE SUMMARY**

In a case filed with the National Association of Securities Dealers Regulation, Inc. on November 18, 1996, claimant Jennifer Schapiro ("claimant") through her representative and counsel Perry Reich, Esq., of the law firm Schapiro & Reich located in Lindenhurst, New York, alleged that respondents Kedem Capital Corporation ("KCC") and Paul Haney ("Haney") never advised her about the risks of margin investing. Claimant further maintained that she had no prior investment experience. Claimant also alleged that she was separated from her husband and had no job, no savings and was basically living of support payments from her husband. Claimant asserted that on or about July 28, 1995, respondents recommended the purchase of Grupo Tribasa SA DE CV ("Grupo") on margin. Claimant further asserted that she purchased 600 shares at 9 1/8. Claimant also asserted that as a result of the drop of the stock and margin calls, the investment was reduced to zero. Claimant contended that she knew nothing about margin investing and that neither the stock or the margin was an appropriate vehicle for her.

Respondents KCC and Haney (collectively referred to as "respondents") through their representative and counsel Milton Gleit, Esq., of the law firm McCarthy, Fingar, Donovan, Drazen & Smith, L.L.P. located in White Plains, New York, maintained that on or about July 1995, claimant made an unsolicited phone call to Haney and introduced herself as an employee of another customer of respondents. Respondents further maintained that claimant gave all the requested information to open an account and expressed her desire to purchase as many shares of Grupo as she could buy with a cash investment of \$3,000. Respondents also maintained that claimant advised Haney that she learned about Grupo from her employer and was also knowledgeable about the use of margin from her employer. Respondents contended that Haney informed claimant of the current market price and that up to 600 shares could be purchased on margin and briefly reiterated the process and risks of using margin.

Respondents further contended that claimant executed a Customer Agreement which incorporated a margin agreement. Respondents also contended that claimant also executed a form W-9 an SEC Disclosure to Issuers form and a written correction of the spelling of her name on her account. Respondents maintained that in early November 1995, four months after the purchase, claimant received a margin call and discussed with Haney how best to respond. Respondents further maintained that after discussing the matter with Haney, she decided to partially liquidate her account and deposited additional

funds. Respondents also maintained that on July 1996, claimant received another margin call and again discussed with Haney how to best respond. Respondents contended that claimant decided to liquidate her entire account. Respondents further contended that it is regrettable for claimant's loss, but all they did was execute her orders and is no was responsible for the market loss.

### RELIEF REQUESTED

Claimant Jennifer Schapiro requested \$3,000, plus interest.

Respondents KCC and Haney requested that the claims of claimant be dismissed in their entirety, plus reimbursement of the administrative costs of this proceeding and any other relief the arbitrator deems fair and proper.

### AWARD

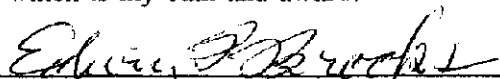
Pursuant to Rule 10302 of the Code of Arbitration Procedure, a single Public Arbitrator, Edwin Brooks, was selected to review the matter in controversy between the parties set forth in Submissions to Arbitration signed by claimant Jennifer Schapiro on November 5, 1996 and by respondents KCC on December 17, 1996 and by Paul Haney on December 17, 1996, as required by Rules 10301 and 10302 of the 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. Respondents KCC and Haney be and hereby are jointly and severally liable and shall pay claimant the sum of \$1,500.00.
2. All other relief requests are denied.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers Regulation, Inc. by claimant shall be retained by NASD Regulation, Inc. Respondents KCC and Haney be and hereby are liable and shall pay claimant the sum of \$125.00 as reimbursement of the filing fee.

### AFFIRMATION

I, Edwin Brooks, do hereby affirm upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.

  
Edwin P. Brooks

Date of Decision: May 16, 1997