

**AWARD**

**NASD REGULATION, INC.**

In the matter of the Arbitration Between

Name of Claimants

Abdullah and Shahida Haroon

v.

Arbitration No.

98-00278

Name of Respondents

Klein, Maus and Shire, Inc., David Heredia,  
Mohammad Ali Khan, and William Triebel

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**REPRESENTATION**

For Claimants:

Jonathan W. Evans, Esq.  
Jonathan W. Evans and Associates  
Los Angeles, California

For Respondents Klein, Maus and Shire, Inc.,  
David Heredia, Mohammad Ali Khan,  
and William Triebel:

No Appearance

**CASE INFORMATION**

Statement of Claim filed:

January 12, 1998

Claimant's Submission Agreement signed:

January 12, 1998

Joint Statement of Answer filed by  
Respondents Klein, Maus and Shire, Inc.,  
David Heredia, Mohammad Ali Khan,  
and William Triebel:

March 23, 1998

Respondent Klein, Maus and Shire, Inc.'s  
Submission Agreement signed:

April 16, 1998

Respondent David Heredia's  
Submission Agreement signed:

March 23, 1998

Respondent Mohammad Ali Khan's  
Submission Agreement signed:

March 23, 1998

Respondent William Triebel's  
Submission Agreement signed:

March 23, 1998

### **HEARING INFORMATION**

Pre-Hearing Conference Date / Session:

June 8, 1998 (1 Session)

Hearing Date / Session:

February 23, 1999 (1 Session)

Hearing Location:

Los Angeles, California

### **CASE SUMMARY**

Claimants alleged that Respondents engaged in fraud, misrepresentation, and churning, committed negligence, breached the fiduciary duty owed to Claimants and suggested unsuitable securities. Claimants further alleged that Respondents violated federal securities laws, California securities laws, and NASD Rules of Fair Practice. Claimants also alleged that Respondents Klein, Maus and Shire, Inc. and Respondent William Triebel failed to properly supervise David Heredia.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

### **RELIEF REQUESTED**

Claimants requested \$56,282.60 in compensatory damages. Claimants also requested a reasonable rate of return on their investment, disgorgement of commissions, punitive damages, interest, attorney's fees and costs of arbitration.

Respondents requested that the Arbitration Panel dismiss the Claimants' Statement of Claim in its entirety, and sought reimbursement of attorney's fees, and costs of arbitration.

### OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed either 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 original remains on file with the NASD Regulation, Inc., Office of Dispute Resolution.

On February 22, 1999, the Office of Dispute Resolution received notice via facsimile that Respondents' Representative Marc J. Ross, Esq. withdrew as Representative of Respondents Klein, Maus and Shire, Inc., David Heredia, Mohammad Ali Khan, and William Tribel.

On February 23, 1999, the Office of Dispute Resolution received notice that an assigned arbitrator was ill. Parties present at the hearing on the merits stipulated to the commencement of the hearings and a full resolution of the issues by the remaining two-arbitrator Panel.

### 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 filed an Answer to Claimants' Statement of Claim, and had notice of hearing. The Arbitration Panel also finds that each Respondent, by his/its attorney of record, had received notice of the time and place of the arbitration hearings.
- 2) Respondent William Tribel is dismissed without prejudice.
- 3) Respondents Klein, Maus and Shire, Inc., David Heredia, and Mohammad Ali Khan are jointly and severally liable to and shall pay Claimants \$56,282.60 in compensatory damages.
- 4) Respondents Klein, Maus and Shire, Inc., David Heredia, and Mohammad Ali Khan are jointly and severally liable to and shall pay Claimants 10% interest on compensatory damages from September 1, 1997 until the Award is paid in full.
- 5) Respondents Klein, Maus and Shire, Inc., David Heredia, and Mohammad Ali Khan are jointly and severally liable to and shall pay Claimants \$1,150.00 for fees and costs associated with this arbitration.
- 6) Respondent David Heredia is liable to and shall pay Claimants \$50,000.00 in punitive damages.
- 7) All other relief requested and not granted is expressly denied.

### **FORUM FEES**

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following forum fees are assessed:

One Full Panel Pre-Hearing Conference Session @ \$500.00 / Session	= \$ 500.00
One Hearing Session @ \$500.00 / Session	= \$ 500.00
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Total Fees Assessed, Jointly and Severally, Against Respondents Klein, Maus and Shire Inc., David Heredia, and Mohammad Ali Khan	= \$1,000.00

Fees are payable to NASD Regulation, Inc.

Claimants' Hearing Session Deposit shall be refunded by NASD Regulation, Inc.

### **OTHER FEES**

Pursuant to Rule 10333 of the Code, Respondent Klein, Maus and Shire, Inc. has paid to NASD Regulation, Inc. the \$ 1,000.00 member surcharge previously invoiced.

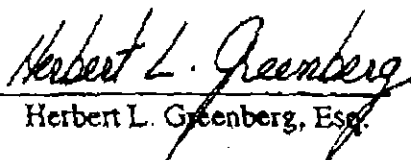
Pursuant to Rule 10333 of the Code, Respondent Klein, Maus and Shire, Inc. has paid to NASD Regulation, Inc. the \$600.00 pre-hearing member process fees previously invoiced.

Pursuant to Rule 10333 of the Code, Respondent Klein, Maus, and Shire Inc. shall pay to NASD Regulation, Inc. the \$1,500.00 past due hearing member process fee previously invoiced.

**ARBITRATORS**

<u>Name</u>	<u>Public / Industry</u>
Herbert L. Greenberg, Esq.	Public Arbitrator
Barbara Faye Vosen, PhD.	Public Arbitrator

**Concurring Arbitrators' Signatures**

  
Herbert L. Greenberg, Esq.

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Barbara Faye Vosen, PhD.

Date of Service: 3/3/99

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<u>Name</u>	<u>Public / Industry</u>
Herbert L. Greenberg, Esq.	Public Arbitrator
Barbara Faye Vosen, PhD.	Public Arbitrator

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Herbert L. Greenberg, Esq.

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Date of Service: 3/3/99