

AWARD

NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Charles Schwab & Co., Inc.

and

98-03880

Name of Respondent

Karl Cosner

REPRESENTATION OF PARTIES

Charles Schwab & Co., Inc. ("Claimant") was represented by Richard A. Karoly, Esq., of Charles Schwab & Company, Inc., San Francisco, California.

Karl Cosner ("Respondent") was not represented by counsel, and failed to respond in any fashion to this arbitration.

CASE INFORMATION

Claimant filed the Statement of Claim on or about October 16, 1998, and signed the Submission Agreement on October 16, 1998.

Respondent failed to file an Answer and Submission Agreement in this arbitration.

HEARING INFORMATION

Hearings were not held on this matter. The hearing requirement was waived by the parties prior to commencement of the Initial Pre-hearing Conference.

CASE SUMMARY

Claimant stated that on or about February 11, 1993, Respondent opened account number ME 2524-7829 (the "Account") with Claimant. In connection with opening the account, Respondent executed a Schwab Brokerage Account Application (the "Application"), by which Respondent agreed to be bound by the terms and conditions of the Schwab One Account Agreement (the "Agreement").

During May, 1998, Respondent entered into various transactions in his Margin Account, including the purchase and sale of various stocks. Claimant notified Respondent of his need to

deposit additional funds, and Respondent failed to do so. Schwab liquidated Respondent's positions which left a debit balance of \$44,039.09 in the Account. Claimant stated that during the period of May, 1998 to the present, it has tendered several demands for payment which have been ignored by Respondent. Claimant has also stated that it has performed all terms and conditions required of it by the agreement.

RELIEF REQUESTED

Claimant requested an award against the Respondent for the following: \$44,039.09 on the unsecured debit balance; interest at the rate of 8.75% per annum from and after June 1, 1998, through the present, said interest amounting to \$10.56 per day; a recovery of all costs, including but not limited to all NASD fees, and travel costs; a recovery of all attorney's fees; and any other relief as the arbitrators deem just and proper.

OTHER ISSUES CONSIDERED & DECIDED

On or about February 18, 1999, Claimant waived its request for a hearing pursuant to Rule 10303 of the NASD Code of Arbitration Procedure (the "Code"). Claimant further requested that the panel render a decision on the papers. The request was predicated on Respondent's failure to file an Answer by the December 17, 1998 filing deadline. Respondent failed to respond to Claimant's requests.

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent has been properly served with the Statement of Claim pursuant to Rules 10302 and 10314 of the Code. The arbitrators further determined that Respondent's failure to respond to Claimant's request for a waiver of a hearing and a decision on the papers submitted, and failure to respond in any way to this arbitration constituted a waiver of the hearing requirement under the Code.

AWARD

After considering the pleadings, evidence of service, and request for waiver of hearing a for entry of a decision on the papers submitted, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable for, and shall pay to the Claimant the following Award: \$44,039.09 on the unsecured debit balance; and interest at the rate of 8.75% per annum from and after June 1, 1998, through May 6, 1999, said interest amounting to \$10.56 per day; a recovery of all filing costs (\$2,500) of this arbitration.

All other claims/requests for relief not specifically set forth herein are, and each of them, denied with prejudice.

FORUM FEES

Forum fees are calculated at the rate of \$600 per hearing session and \$300 for each prehearing conference, if any. There were no hearing sessions.

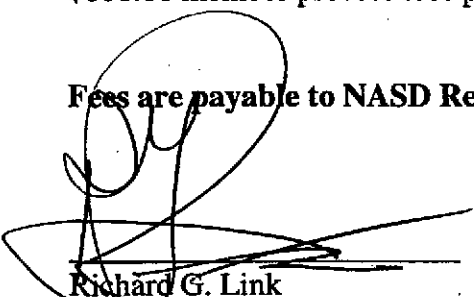
Pursuant to Rule 10332(c) of the NASD Code of Arbitration Procedure, NASD Regulation, Inc. Office of Dispute Resolution shall **retain** the non-refundable filing fee in the amount of \$500 and shall **retain** as forum fees the hearing session deposit in the amount of \$600 previously deposited with NASD Regulation, Inc. by the Claimant.

OTHER FEES

Pursuant to Rule 10333 of the Code, Claimant has paid to NASD Regulation, Inc. the \$800.00 member surcharge previously invoiced.

Pursuant to Rule 10333 of the Code, Claimant has paid to NASD Regulation, Inc. the \$600.00 member process fees previously invoiced.

Fees are payable to NASD Regulation, Inc.



Richard G. Link
Industry Arbitrator, Presiding Chair

Dated:

5/7/99

Richard A. Foster
Industry Arbitrator

Stephen T. Yeargan
Industry Arbitrator

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Industry Arbitrator, Presiding Chair

Richard A. Foster
Industry Arbitrator


Stephen T. Yeargan
Industry Arbitrator

5-6-99

NASD Regulation, Inc. Office of Dispute Resolution
Arbitration No. 92-03880
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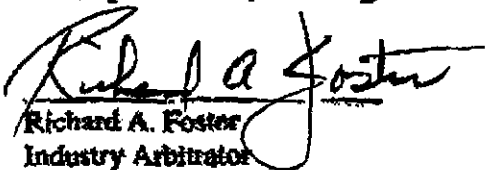
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Dated:

Richard G. Link
Industry Arbitrator, Presiding Chair


Richard A. Foster
Industry Arbitrator

May 10, 1999

Stephen T. Yeargan
Industry Arbitrator