

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Charles Schwab & Company, Inc.

vs.

Case No. 99-01963

Name of Respondent

Zemedeneh Negatu

REPRESENTATION OF PARTIES

Claimant Charles Schwab & Company, Inc., hereinafter referred to as "Claimant": Edmund V. Saucedo, Esq., Charles Schwab & Company, Inc., San Francisco, California

Respondent Zemedeneh Negatu, hereinafter referred to as "Respondent" did not appear.

CASE INFORMATION

Statement of Claim filed on or about: April 28, 1999

Claimant signed the Uniform Submission Agreement: April 26, 1999

No Statement of Answer or Uniform Submission Agreement filed by Respondent.

CASE SUMMARY

Claimant alleged that Respondent opened an account with Charles Schwab & Company, Inc. in October 1998, at which time he executed an Account Application and Agreement in which Respondent agreed to arbitrate any disputes arising out of or relating to the account. In addition, Claimant alleged that Respondent applied to purchase securities on margin, and pledged any securities Respondent owned as collateral and that he would cure any deficit as soon as Claimant made demand thereof. Claimant asserted that in December 1998 Respondent had a negative equity level develop in his account and failed to cure the negative equity margin debit as requested by Claimant. Thereafter, Claimant liquidated all of Respondent's account positions, leaving an unsecured debit balance of \$85,662.19.

Respondent did not file a Statement of Answer.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$85,662.19
Interest	\$17.24 per day until paid
Other Costs	Amount not specified

Respondent did not request relief.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondent has been properly served with the Statement of Claim and received due notice of the March 6, 2000 Initial Pre-hearing Conference, confirmed delivery by Federal Express on February 24, 2000, and that arbitration of the matter would proceed without said Respondent present for the Initial Pre-hearing Conference, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondent did not file with the NASD Regulation, Inc. Office of Dispute Resolution a properly executed submission to arbitration but was required to submit to arbitration pursuant to the Account Application he executed on October 22, 1998, and is bound by the determination of the Panel on all issues submitted.

The panel considered Claimant's Motion to Waive the Hearing pursuant to Rule 10303 of the Code and that the determination of the panel be made on the pleadings and documentary evidence submitted, and Respondent's lack of opposition to the Motion, and granted the Motion.

AWARD

After considering the pleadings and documentary evidence submitted, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondent is liable to and shall pay to Claimant \$85,662.19, with 7.25% interest per annum from January 1, 1999 until paid; and
2. That Respondent is liable to and shall reimburse Claimant for the \$1,000.00 non-refundable filing fee submitted previously to the NASD; and
3. That each party shall bear its own costs and expenses, with the exception of forum fees as specified below; and
4. That any and all relief not specifically addressed herein is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$1,000.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings.

Member surcharge = \$1,000.00

Pre-hearing process fee = \$600.00

Hearing process fee = \$1,500.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

1 Pre-hearing session with Panel x \$750.00 = \$750.00

Pre-hearing conference: March 6, 2000 1 session

Total Forum Fees = \$750.00

The Panel assessed \$375.00 of the forum fees to Claimant.

The Panel assessed \$375.00 of the forum fees to Respondent.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee = \$1,000.00

Member Fees = \$3,100.00

Forum Fees = \$375.00

Total Fees = \$4,475.00

Less payments = \$3,350.00

Balance Due NASD Regulation, Inc. = \$1,125.00

Respondent is solely liable for:

Forum Fees = \$375.00

Total Fees = \$375.00

Less payments = \$-0--

Balance Due NASD Regulation, Inc. = \$375.00

All balances are due and payable to NASD Regulation, Inc.

CONCURRING ARBITRATORS' SIGNATURES

Edward A. Dragon

Edward A. Dragon, Esq.
Public Arbitrator, Presiding Chairman

May 12, 2000
Date Signed

Ida W. Drain

Ida W. Drain, Esq.
Public Arbitrator

May 15, 2000
Date Signed

Jeffery M. Cohen

Jeffery M. Cohen, CPA
Industry Arbitrator

May 18, 2000
Date Signed

May 23, 2000
Date of Service (For NASD office use only)