

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Mohammed Sami

Case Number: 20-02897

vs.

Respondent
Interactive Brokers LLC

Hearing Site: Los Angeles, California

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

Nature of the Dispute: Customer vs. Member

This case was administered under the Special Proceeding option for simplified cases.

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

Claimant Mohammed Sami (“Claimant”) appeared pro se.

For Respondent Interactive Brokers LLC (“Respondent”): Katherine L. Schuerman, Esq.,
Interactive Brokers LLC, Washington, District of Columbia.

CASE INFORMATION

Statement of Claim filed on or about: September 14, 2020.
Claimant signed the Submission Agreement: September 16, 2020.

Statement of Answer filed on or about: November 6, 2020.
Respondent signed the Submission Agreement: November 6, 2020.

Claimant’s Response to Respondent’s Answer filed on or about: November 11, 2020.

CASE SUMMARY

In the Statement of Claim, Claimant asserted the following causes of action: breach of contract, failure to follow federal regulations protecting consumers with debit and credit cards. The causes of action relate to Claimant’s purchase of gift cards that Claimant alleges held no monetary value.

Unless specifically admitted in the Statement of Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested compensatory damages in the amount of \$4,464.52, which includes \$4,039.52 for the amount paid for the gift cards, \$250.00 for the fees incurred from small claims court, and \$175.00 for the FINRA arbitration filing fee.

In the Statement of Answer, Respondent requested Claimant's claims be denied in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrator acknowledges having read the pleadings and other materials filed by the parties.

The Arbitrator has provided an explanation of the decision in this award. The explanation is for the information of the parties only and is not precedential in nature.

FINDINGS

Claimant used a debit card obtained from Respondent, his online broker (not a lender or bank), and linked to his account, to purchase eight \$500 gift cards from Walmart in an amount of \$4,039.52. According to Claimant, the gift cards were thereafter denied, dishonored or refused acceptance by merchants as payment mechanisms for goods. No one disputes that Claimant authorized and made the purchases from Walmart, or that the gift cards were refused. No one knows why the gift cards failed. Walmart was not a party to the arbitration or a witness. The issuer of the gift cards is unknown to anyone (except, presumably, to Claimant) and was not named as a party or witness in the arbitration.

Claimant is still in possession of the gift cards but did not supply copies to the arbitrator. Whether or not they have value is unknown, presumably not. We do not know why they were rejected by merchants, possibly they were voided by the gift card issuer.

Claimant, representing himself, provided no authority or other support for his claim that Respondent broker should be responsible for the ultimate failure of the gift cards. He purchased them using the convenience of a debit card, the equivalent of cash payment. Regulation Z applies to credit cards and lenders, and is not applicable here. Regulation E applies to electronic fund transfers, including debit cards, but the card issuer's responsibility is limited to investigating the unauthorized use of the card and account errors, which they did. They are not required or empowered to charge back the seller for later-determined defective goods (the gift cards) whose purchase was indisputably authorized by Claimant. Such recourse could presumably be had from Walmart or the issuer of the gift cards.

Claimant tried informally to resolve the problem with Walmart and the gift card issuer, in vain. After Respondent denied his claim -- on grounds that his purchase was authorized and that they had no power to reverse the charges -- he sued Respondent in small claims court, which re-directed him to FINRA under the required arbitration clause of his brokerage agreement.

Claimant's frustration is palpable; he is a victim of possibly obscure legal language and popular misconceptions about debit cards. He has evidently lost his funds, and he did nothing wrong except perhaps go after the wrong people. Whether he can still pursue Walmart and/or the gift card issuer (the real entity who seems answerable for the dishonored gift cards) is unknown.

Claimant's case against Respondent is without merit.

AWARD

After considering the pleadings, the Arbitrator has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims are denied in their entirety.
2. Any and all relief not specifically addressed herein is denied.

FEES

Pursuant to the Code of Arbitration Procedure ("Code"), the following fees are assessed:

Filing Fees

FINRA Dispute Resolution Services assessed a filing fee* for each claim:

Initial Claim Filing Fee = \$ 175.00

**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party Respondent is assessed the following:

Member Surcharge = \$ 150.00

Hearing Session Fees and Assessments

The Arbitrator has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the Arbitrator, including a pre-hearing conference with the Arbitrator, which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) pre-hearing session with a single Arbitrator @ \$125.00/session = \$ 125.00
Pre-Hearing Conference: January 12, 2021 1 session

One (1) hearing session with a single Arbitrator @ \$125.00/session = \$ 125.00
Hearing: March 4, 2021 1 session

Total Hearing Session Fees = \$ 250.00

The Arbitrator has assessed \$125.00 of the hearing session fees to Claimant.

The Arbitrator has assessed \$125.00 of the hearing session fees to Respondent.

All balances are payable to FINRA Dispute Resolution Services and are due upon receipt.

ARBITRATOR

Kirtley M. Thiesmeyer

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Sole Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument, which is my award.

Arbitrator's Signature

Kirtley M. Thiesmeyer

Kirtley M. Thiesmeyer
Sole Public Arbitrator

03/06/2021

Signature Date

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March 08, 2021

Date of Service (For FINRA Dispute Resolution Services use only)