

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Fui-Lai Lai, Hsieh-Chiao Lai, Kent M. Lai, and Jim M. Lai, Claimants v. Merrill Lynch, Pierce, Fenner & Smith, Inc., Evan Fuwen Ling, and Jessica Huang Wong, Respondents

Case Number: 00-05094

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimants:

Douglas J. Rovens, Esq.
Rovens, Lamb & Gase LLP
Los Angeles, California

For Respondents:

Stan Blumenfeld, Esq.
O'Melveny & Myers LLP
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: November 7, 2000

Claimant Fui-Lai Lai's Uniform Submission Agreement signed: July 31, 2000

Claimant Hsieh-Chiao Lai's Uniform Submission Agreement signed: undated

Claimant Kent M. Lai's Uniform Submission Agreement signed: February 6, 2002

Claimant Jim M. Lai's Uniform Submission Agreement signed: February 6, 2002

Joint Statement of Answer filed by Respondents: April 6, 2001

Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc.'s Uniform Submission Agreement signed:
February 22, 2001

Respondent Evan Fuwen Ling's Uniform Submission Agreement signed: April 5, 2001

Respondent Jessica Huang Wong's Uniform Submission Agreement signed: February 23, 2001

CASE SUMMARY

Claimants alleged breach of contract, breach of fiduciary duty, omission of facts, misrepresentation, fraud, failure to supervise, unsuitability, and churning, involving unspecified securities.

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

RELIEF REQUESTED

Claimants requested \$4,500,000.00 in compensatory damages, unspecified punitive damages, interest, and costs, including attorney's fees.

Respondents requested dismissal of the Claimants' Statement of Claim in its entirety, and requested reimbursement of arbitration costs.

OTHER ISSUES CONSIDERED AND DECIDED

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

1. Claimants' claims are denied in their entirety.
2. The parties shall bear their respective costs, including attorney's fees.
3. All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee

= \$ 600.00

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events which gave rise to the dispute, claim, or controversy. Accordingly, the member firm Merrill Lynch, Pierce, Fenner & Smith, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 2,500.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$ 4,500.00</u>
Total Member Fees	= \$ 7,600.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

2 Pre-hearing conference sessions with a single arbitrator @ \$ 450.00/session	= \$ 900.00
Pre-hearing conferences: December 4, 2001	1 session
December 24, 2001	1 session
1 Pre-hearing conference session with the Panel @ \$1,200.00/session	= \$ 1,200.00
Pre-hearing conference: October 1, 2001	1 session
22 Hearing sessions @ \$1,200.00/session	= \$26,400.00
Hearings: January 31, 2002	2 sessions
February 1, 2002	2 sessions
February 4, 2002	2 sessions
February 5, 2002	2 sessions
February 6, 2002	2 sessions
February 7, 2002	2 sessions
February 8, 2002	2 sessions
July 29, 2002	2 sessions
July 30, 2002	2 sessions
July 31, 2002	2 sessions
August 1, 2002	2 sessions

Total Forum Fees	= \$28,500.00
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The Panel assessed the entire amount of the forum fees in the amount of \$ 28,500.00 to Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc.

Administrative Costs

Administrative costs are expenses incurred because a party requested additional services beyond the normal administrative services. These additional services include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, security, and sundry other requests.

Claimants requested copies of audio transcripts:	= \$ 405.00
Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc., requested copies of audio transcripts:	= \$ 285.00

Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 600.00
<u>Administrative Costs</u>	= \$ 405.00
Total Fees	= \$ 1,005.00
<u>Less payments</u>	= \$ (2,085.00)
Refund Due Claimants	= \$ (1,080.00)

2. Respondent, Merrill Lynch, Pierce, Fenner & Smith, Inc., is charged with the following fees and costs:

Member Fees	= \$ 7,600.00
Forum Fees	= \$ 28,500.00
<u>Administrative Costs</u>	= \$ 285.00
Total Fees	= \$ 36,385.00
<u>Less payments</u>	= \$ (7,885.00)
Balance Due NASD Dispute Resolution	= \$ 28,500.00

All balances are payable to NASD Dispute Resolution and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

James D. Knotter, Esq.	-	Public Arbitrator, Presiding Chair
A. Joel Klein, JD	-	Public Arbitrator
Milton C. Bennett	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

James D. Knotter, Esq.
Chair, Public Arbitrator

Signature Date

A. Joel Klein, JD
Public Arbitrator

Signature Date

Milton C. Bennett
Non-Public Arbitrator


Signature Date

Date of Service

ARBITRATION PANEL

James D. Knotter, Esq.	-	Public Arbitrator, Presiding Chair
A. Joel Klein, JD	-	Public Arbitrator
Milton C. Bennett	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


James D. Knotter, Esq.
Chair, Public Arbitrator

8/19/02
Signature Date

A. Joel Klein, JD
Public Arbitrator

Signature Date

Milton C. Bennett
Non-Public Arbitrator

Signature Date

8/19/02
Date of Service

ARBITRATION PANEL

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A. Joel Klein, JD	-	Public Arbitrator
Milton C. Bennett	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

James D. Knotter, Esq.
Chair, Public Arbitrator

Signature Date


A. Joel Klein, JD
Public Arbitrator

8/16/02
Signature Date

Milton C. Bennett
Non-Public Arbitrator

Signature Date

8/19/02
Date of Service

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James D. Knotter, Esq.	-	Public Arbitrator, Presiding Chair
A. Joel Klein, JD	-	Public Arbitrator
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Signature Date

A. Joel Klein, JD
Public Arbitrator

Signature Date



Milton C. Bennett
Non-Public Arbitrator

8/16/02

Signature Date

8/19/02

Date of Service



NASD Dispute Resolution, Inc.
300 South Grand Avenue, Suite 900
Los Angeles, California 90071
213-613-2680 213-613-2677 FAX

Proof of Service

State of California, County of Los Angeles

I am employed in the county of Los Angeles. I declare that I am over the age of eighteen (18) and not a party to this action. My business address is:

NASD Dispute Resolution
300 South Grand Avenue, Suite 900
Los Angeles, California 90071.

On August 19, 2002, I served the following documents described as:

Award, Cover Letters, and Invoice Statement for Arbitration Case No. 00-05094
on the interested parties in this action by placing the true copies thereof enclosed in the sealed envelopes as follows:

Stan Blumenfeld, Esq.
O'Melveny & Myers LLP
400 South Hope Street
Los Angeles, CA 90071-2899 Fax# **213-430-6407**

Douglas J Rovens, Esq.
Rovens, Lamb & Gase LLP
660 South Figueroa Street, Suite 1910
Los Angeles, CA 90017 Fax# **213-895-4155**

- ☒ X I deposited such envelop in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.
- ☐ By Personal Service, I caused such envelope to be delivered by hand to the individuals at the addressee(s) listed.
- ☐ By overnight courier, I caused the above-referenced documents to be delivered to an overnight courier service (Federal Express), for delivery to the above addressees.
- ☒ X By facsimile machine, I caused the above-referenced documents to be transmitted to the above-named persons at the numbers above.
- ☒ X (STATE) I declare under penalty of perjure under the laws of the State of California that the above is true and correct.

☐ (FEDERAL) I declare that I am employed in the office of a member of the bar on this court at whose direction the service was made.

Executed this August 19, 2002, at Los Angeles, California.



Joyce Tuazon