

NASD DISPUTE RESOLUTION AWARD
NASD DISPUTE RESOLUTION

CASE: 03-01520

Shaolee Yang, Claimant vs. Legg Mason Wood Walker, Inc., and Stephen Wong, Respondents.

ATTORNEYS:

For Claimant appeared Brad Jacobs, Esq., of the firm Perkins, Smith & Cohen, LLP, Boston, MA.

For Respondents appeared in-house counsel, Jessica B. Hopper, Esq., Baltimore, MD.

DATE FILED: March 3, 2003

CASE SUMMARY: Claimant alleged that Respondents breached their contract and fiduciary duties, were negligent, engaged in acts of deceit and fraud, violated various State and Federal Securities Laws and NASD Rules of Fair Practice, and intentionally misrepresented her account by over-concentration in unsuitable high-risk investments. Claimant maintained that due to Respondents' actions, her account suffered losses. Claimant's claim involved unspecified financial products.

ARBITRATOR'S REPORT: See attached Exhibit A.

Claim Data

Claim: \$13,553.00
Interest: \$5,487.00
Punitive: Unspecified
Attorney Fees: \$1,860.00
Filing Fees: Unspecified
Other: \$625.00

Award Data

Award: \$.00
Interest: \$.00
Punitive: \$.00
Attorney Fees: \$.00
Filing Fees: \$.00
Other: \$.00

AWARD: The undersigned arbitrator has decided and determined in full and final resolution of the issues submitted for determination as follows: 1) The claims of Claimant are dismissed in their entirety. 2) All requests for interest are denied. 3) All requests for attorney fees are denied. 4) All requests for punitive damages are denied. 5) All other relief requests are denied. 6) The \$425.00 filing fee previously deposited with NASD Dispute Resolution by the Claimant, shall be retained by NASD Dispute Resolution.

OTHER FEES: Pursuant to Rule 10333 of the Code, Respondent, Legg Mason Wood Walker, Inc. has paid to NASD Dispute Resolution the \$425.00 Member Surcharge previously invoiced.

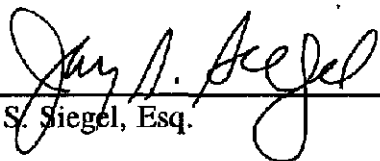
Page Two
Award 03-01520

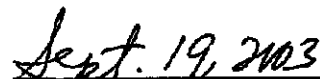
Jay S. Siegel, Esq.

Sole Public Arbitrator

AFFIRMATION

I, Jay S. Siegel, Esq., do hereby affirm, upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.


Jay S. Siegel, Esq.


Signature Date

September 25, 2003
Date of Service (For NASD-DR office use only)

Exhibit A

NASD DISPUTE RESOLUTION

In the Matter of Arbitration Case No.03-01520

Shaolie Yang and Legg Mason Walker Wood, Inc. & Stephen Wong

ARBITRATION AWARD

Claimant has asserted in her submission to arbitration that the Respondent Stephen Wong engaged in "unauthorized trading" in her account with Respondent Legg Mason and further that the securities that he did purchase were otherwise "unsuitable" for the investment objectives she had indicated to him. Claimant further contends that the firm failed in its duty to properly supervise Mr. Wong and prevent him engaging in the activities claimed to have occurred.

Respondents deny that any such trading occurred and that Ms. Yang was involved in the management of her account and direction of the investments made in it. They assert that her losses were due to the state of the market in the period the account was open rather than to any improper conduct on Mr. Wong's part.

Reviewing the papers submitted by both parties there is a serious conflict in the versions presented by the Claimant and Respondents as to the involvement of Ms. Yang in the management of her account at Legg Mason. This factor is critical to ruling on the Claimant's allegation of "unauthorized trading" made against Mr. Wong. While a hearing at which the parties could testify would no doubt afford a fuller opportunity to judge their credibility, the amount of the claim does not, in the arbitrator's judgment, warrant resort to such procedure. Instead, a careful scrutiny of the documentation provided by the parties to the arbitrator offers an adequate basis on which to make an informed decision. Based on the record before me the documentary evidence fails to support the Claimant's version that she was of "limited experience" and relied upon Mr. Wong for direction and management of the account at Legg Mason. Indeed, the evidence in the record points in the other direction.

First, is the fact that although she contends that she had "little investment experience" she did have an existing individual account at another brokerage firm, Brown and Company *prior to* her opening one with Legg Mason.¹ Further, the documents submitted from her account at Brown and Company, including the monthly statements confirm that she was dealing there in this account on a "margin" basis, a relatively sophisticated and risky approach to investing even for the average investor.²

Second, of particular note to her claim that she was "completely relying" upon Wong in connection with her account at Legg Mason is the handwritten note she sent to him on February 23, 2003 from Las Vegas in which she discusses the necessary amount needed to pay for a purchase of IGEN stock. This document, signed by her, is an indication that she was plainly aware of what was transpiring with regard to her account

¹ The contention that this account was entirely managed by her husband is not supported by any evidence in the record. Since it was solely in her name it has to be assumed that it was her account. The record does indicate the existence of another account at Brown on a joint basis with her husband.

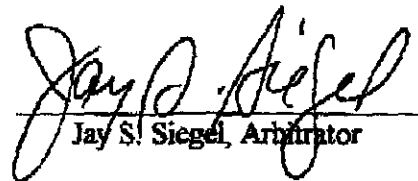
² This account No. 80628733 as of January 28, 2000, a month after she opened the account with Legg Mason, had a net value of \$325,457, after deducting her margin debt.

to the point of knowing exactly how much cash was available to cover a particular trade and that more was needed.

Finally, the order tickets submitted from Legg Mason do not show any indication that they were for a discretionary account. Indeed, the ticket for a buy order of 400 shares of Dahleen Technologies stock on February 29, 2003 states "confirm with customer".

Based on these revealing facts, and the entire record before me, I conclude that Ms. Yang has failed to provide evidence to support her contention about "unauthorized trading" by Mr. Wong.³ I therefore deny her claims in their entirety. I make no award on either administrative costs or attorney's fees but leave each party to bear their own as they have been already incurred.

September 15, 2003


Jay S. Siegel, Arbitrator

³ In view of the resolution of this issue it is not necessary to reach the merits of the "unsuitability" contention of the Claimant.