

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:
Joann Ochi, Claimant v. Charles Schwab & Co., Inc. and Lawrence Suemitsu
Furukawa, Respondents

Case Number: 04-06432

Hearing Site: Honolulu, Hawaii

Nature of the Dispute: Customer v. Member and Associated Person

REPRESENTATION OF PARTIES

For Claimant:	Joann Ochi In Propria Persona Honolulu, Hawaii
For Respondent Charles Schwab & Co., Inc.:	Sean B. Meehan, Esq. Charles Schwab & Co., Inc. San Francisco, California
For Respondent Lawrence Suemitsu Furukawa:	Lawrence Suemitsu Furukawa In Propria Persona Honolulu, Hawaii

CASE INFORMATION

Statement of Claim filed: September 8, 2004

Claimant's Uniform Submission Agreement signed: September 17, 2004

Statement of Answer filed by Respondent Charles Schwab & Co., Inc.:
November 11, 2004

Respondent Charles Schwab & Co., Inc.'s Uniform Submission Agreement signed:
November 11, 2004

CASE SUMMARY

Claimant alleged breach of contract, negligence, breach of fiduciary duty, misrepresentations, non-disclosures, unauthorized trading, omission of facts, unsuitability, and manipulations. Claimant's claims involved the purchase and sale of unspecified common stock and options.

Unless expressly admitted in its Answer, Respondent Charles Schwab & Co., Inc. denied the allegations of wrongdoing set forth in Claimant's Statement of Claim.

RELIEF REQUESTED

Claimant requested \$50,000.00 in compensatory damages.

Respondent Charles Schwab & Co., Inc. requested dismissal of Claimant's Statement of Claim in its entirety and costs.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Lawrence Suemitsu Furukawa did not file with NASD Dispute Resolution a properly executed submission agreement, but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure and, having appeared and testified at the hearing, is bound by the determination of the Arbitrator on all issues submitted.

On September 29, 2006, Claimant dismissed Respondent Charles Schwab & Co., Inc. from this arbitration.

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

RATIONALE FOR AWARD

Claimant first opened an account with Charles Schwab & Co., Inc. ("Schwab") in October 1997 (the "initial account"). Claimant previously owned securities accounts with two (2) other brokerage firms. The investments in these other accounts were primarily in mutual funds. In October 1997, Claimant did not have any experience with options trading. Additionally, the funds deposited with Schwab in or around October 1997, constituted most if not all of Claimant's liquid assets. Claimant's initial account with Schwab was serviced by Respondent Lawrence Furukawa ("Mr. Furukawa"). Mr. Furukawa was employed with Schwab from 1984 to December 1998. Thereafter, Mr. Furukawa has not been registered in the securities industry. Claimant claims that Mr. Furukawa directed most of the transactions in her account.

The activity in Claimant's initial account with Schwab included the purchase of the following securities: CDnow, Inc., Dell Computer Corp., Walt Disney Holding Co., Intel Corp., Microsoft Corp., Strong Schafer Value Fund D, Schwab S&P 500 Investor Shares and Schwab Small Cap Index F. These securities were purchased and then held through July 1998. The portfolio mix of Claimant's initial account with Schwab was too aggressive for her financial status at that time. The initial account consisted of individual stocks or stock funds, with over 50% of the entire portfolio invested in high technology companies. However, other than the CDnow, Inc. stock which Claimant later sold at a principal loss of \$2,325.50, her investments in the initial account with Schwab increased in value through July 1998. Additionally, two (2) covered call option trades were executed in Claimant's initial account, the first option trade taking place in April 1998 and the second option trade taking place in July 1998. Claimant did not incur any loss as a result of these options trades.

In July 1998, Claimant closed her initial account with Schwab, and transferred all of her securities to Allied Brokerage, whose principal was Jonathan Emura ("Mr. Emura"). The record is unclear as to the type of transactions that were actually executed in Claimant's account with Allied Brokerage, but Claimant indicated that Mr. Emura was active in options trading. In or around 1999, Claimant obtained a Series 65 license in association with Allied Brokerage. Claimant indicated that she received compensation from Allied Brokerage on only one occasion as a result of referring a customer to Allied Brokerage. In or around April 1999, Claimant closed her Allied Brokerage account and transferred her securities back to Schwab. Although Claimant did not submit her post-April 1999 Schwab account statements, she indicated that she executed numerous options trades under the direction of Mr. Furukawa. Claimant asserts that she incurred principal losses in excess of \$50,000.00 due to Mr. Furukawa's bad advice.

In or around 1999, Claimant and Mr. Furukawa had an affair for about 1 ½ years. Based on this relationship as well as Claimant's experience with obtaining a Series 65 license, she was aware or should have been aware that Mr. Furukawa was no longer employed with Schwab or any other brokerage firm. Furthermore, no evidence was presented to confirm that Mr. Furukawa received any compensation relating to any transaction in Claimant's post-April 1999 Schwab account. Accordingly, Mr. Furukawa is not legally liable for any transaction in Claimant's post-April 1999 Schwab account.

The Arbitrator, therefore, finds in favor of Claimant and against Mr. Furukawa relating to the unsuitable portfolio mix and options trades in Claimant's initial account with Schwab, and awards Claimant compensatory damages of \$2,325.50.

AWARD

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

- 1) Respondent Lawrence Suemitsu Furukawa is liable to and shall pay Claimant the sum of \$2,325.50 in compensatory damages.
- 2) The parties shall bear their respective costs, including attorney's fees.
- 3) All other relief requested and 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	= \$ 175.00
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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 that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Charles Schwab & Co., Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 875.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 1,000.00
Total Member Fees	= \$ 2,625.00

Adjournment Fees

The following adjournment fees are assessed:

October 2-3, 2006 hearing adjournment requested by Claimant = \$ 450.00

Pursuant to stipulation between Claimant and Respondent Charles Schwab & Co., Inc., \$450.00 of the adjournment fees are assessed to Respondent Charles Schwab & Co., Inc.

Forum Fees and Assessments

The Arbitrator assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. A session is any meeting between the parties and the arbitrator, including a pre-hearing conference with the arbitrator, that lasts four (4) hours or less. Fees associated with these proceedings are:

2 Pre-hearing conference sessions with one arbitrator @ \$450.00/session = \$ 900.00
Pre-hearing conferences: January 11, 2006 1 session
June 13, 2006 1 session

1 Hearing session @ \$450.00/session = \$ 450.00
Hearing: October 23, 2006 1 session

Total Forum Fees	= \$ 1,350.00
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1. The Arbitrator assessed \$225.00 of the forum fees to Claimant.
2. The Arbitrator assessed \$375.00 of the forum fees to Respondent Lawrence Suemitsu Furukawa.
3. The Arbitrator assessed \$150.00 of the forum fees to Respondent Charles Schwab & Co., Inc.

4. Pursuant to stipulation between Claimant and Respondent Charles Schwab & Co., Inc., \$600.00 of the forum fees are assessed to Respondent Charles Schwab & Co., Inc.

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 175.00
Forum Fees	= \$ 225.00
Total Fees	= \$ 400.00
Less payments	= \$(625.00)
Refund Due Claimant	= \$(225.00)

2. Respondent Charles Schwab & Co., Inc. is charged with the following fees and costs:

Member Fees	= \$ 2,625.00
Adjournment Fee	= \$ 450.00
Forum Fees	= \$ 750.00
Total Fees	= \$ 3,825.00
Less payments	= \$(2,625.00)
Balance Due NASD Dispute Resolution	= \$ 1,200.00

3. Respondent Lawrence Suemitsu Furukawa is charged with the following fees and costs:

Forum Fees	= \$ 375.00
Less payments	= \$(0.00)
Balance Due NASD Dispute Resolution	= \$ 375.00

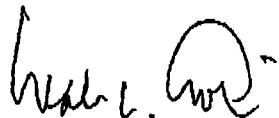
All balances are payable to NASD Dispute Resolution and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

ARBITRATOR

Neal K. Aoki

Public Arbitrator, Presiding Chair

Arbitrator's Signature



Neal K. Aoki
Chair, Public Arbitrator

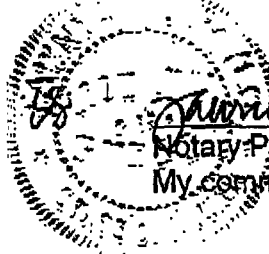
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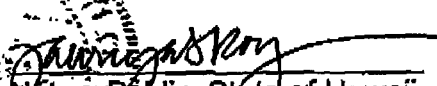
Signature Date

State of Hawaii ss:

City and County of Honolulu

On this 26 day of October 20 06, before me personally
appeared Neal K. Aoki to me known and known before me to be the
individual described in and who executed the foregoing instrument and he/she duly
acknowledged that he/she executed the same.




Notary Public, State of Hawaii Tawnya S. Roylo
My commission expires: 2-14-08

10/30/06

Date of Service (For NASD Dispute Resolution use only)