

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

IN THE MATTER OF THE ARBITRATION BETWEEN :
 :
Inwha Chung :
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 : Case #88-01444
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 : Claimant :
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 : AWARD
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vs. :
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Merrill Lynch, Pierce, Fenner & Smith, Inc. :
and Dongwon Sohn :
 :
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 : Respondents :
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CASE SUMMARY

Claimant Inwha Chung alleged that Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch") and Dongwon Sohn ("Sohn") engaged in excessive and unauthorized trading in the Claimant's account, made improper recommendations given the Claimant's level of sophistication, and breached their fiduciary duties to act in good faith with respect to the management of the Claimant's account.

Respondents Merrill Lynch and Sohn contended that the losses suffered by the Claimant were due to the extraordinary market movement of October 19, 1987 and the Claimant's unwillingness to meet appropriate margin calls, and not as a result of any activity by the Respondents. Respondents also contended the Claimant authorized all transactions in his account with full knowledge of the risks involved, and asserted a counterclaim in which they alleged the Claimant engaged in a deliberate and malicious campaign of harassment and intimidation, as well as attempted extortion and physical assault upon Respondent Sohn. Respondents further alleged there exists an outstanding debit balance in the Claimant's account caused by the liquidation of this account.

RELIEF REQUESTED

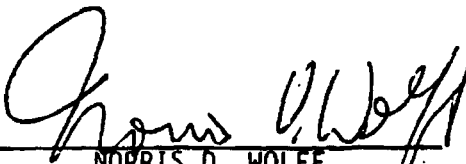
Claimant Inwha Chung requested actual damages of \$46,928.22, punitive damages of \$150,000.00, plus interest, costs and attorney's fees. Respondents Merrill Lynch and Dongwon Sohn requested dismissal of the Statement of Claim in its entirety; that \$1,000,000.00 be awarded to Respondent Sohn; that actual damages of \$16,928.22 be awarded to Respondent Merrill Lynch; and for costs to be assessed against the Claimant.

AWARD

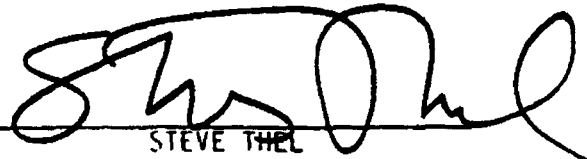
On March 12, 26, and May 15, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Inwha Chung on April 29, 1988, by Respondent Dongwon Sohn on July 18, 1988 and by Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. on July 18, 1988. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in New York City, NY and consisted of six (6) hearing sessions. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents Merrill Lynch and Dongwon Sohn be and hereby are jointly and severally liable and shall pay to the Claimant the sum of Twenty Eight Thousand Nine Hundred Seventy Four Dollars and Fifteen Cents (\$28,974.15), inclusive of interest.
2. Claimant Inwha Chung be and hereby is liable and shall pay to Respondent Merrill Lynch the sum of Sixteen Thousand Nine Hundred Twenty Eight Dollars and Twenty Two Cents (\$16,928.22), inclusive of interest.
3. Claimant Inwha Chung be and hereby is liable and shall pay to Respondent Dongwon Sohn the sum of One Thousand Dollars and No Cents (\$1,000.00), inclusive of interest.
4. Therefore, within thirty (30) days after the receipt of this award, Respondents Merrill Lynch and Dongwon Sohn shall pay to the Claimant the net sum of Eleven Thousand Forty Five Dollars and Ninety Three Cents (\$11,045.93), inclusive of interest.
5. The parties each shall bear their respective costs including attorney's fees.
6. Pursuant to Section 13 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimant, and the Claimant be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of Seven Hundred Fifty Dollars and No Cents (\$750.00), and the Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of One Thousand Five Hundred Dollars and No Cents (\$1,500.00) and the Respondent Dongwon Sohn be and hereby is liable and shall pay to The National Association of Securities Dealers, Inc. the sum of One Thousand Five Hundred Dollars and No Cents (\$1,500.00), as costs of the six (6) hearing sessions conducted in this matter.

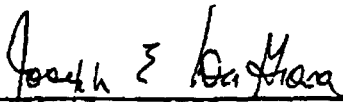
CONCURRING ARBITRATORS



NORRIS D. WOLFF



STEVE THEL



JOSEPH E. DaGROSA

DATED: June 19th, 1990