

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between		
Kenneth Chan	Claimant	CASE #88-02198
vs.		AWARD
Golden Harvest Securities, Inc.		
Donaldson Lufkin & Jenrette Securities Corp.		
Gregory Yan	Respondents	

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CASE SUMMARY

Claimant, Kenneth Chan, alleges that Respondents, Golden Harvest Securities, Inc., Donaldson Lufkin & Jenrette Securities, Corp. ("DLJ") and Gregory Yan, advised him to engage in transactions which were unsuitable to his financial situation, needs and investment objectives. Claimant also alleges that Respondents breached their fiduciary duties, engaged in fraud, made misrepresentations, breached margin agreements and churned his account.

Respondent, Donaldson Lufkin & Jenrette Securities Corp., denies liability and contends that it acted as only a clearing broker for Golden Harvest, Claimant's broker. DLJ contends that Claimant is liable for a debit balance which has not paid despite demands for payment. Respondent DLJ interposes a Crossclaim against Golden Harvest and Gregory Yan for indemnification and for the deficit in Claimant's account pursuant to their Clearing Agreement.

Respondents, Gregory Yan and Golden Harvest Securities, Inc., deny the allegation of the Claim and deny liability under the Crossclaim. Respondents Gregory Yan and Golden Harvest Securities, Inc. assert a Counterclaim against the Claimant for damages sustained by the Corporation and a Crossclaim against DLJ for commissions earned and funds deposited pursuant to their Clearing Agreement.

RELIEF REQUESTED

Claimant requests that the arbitration panel award him \$350,000.00 against the Respondents jointly and severally, declare that Claimant is not liable for the debit in his account, award punitive damages, reasonable attorney's fees, interest, costs and disbursements and such other relief that the panel may deem just and proper. Claimant also requests that the panel dismiss all Counterclaims.

Respondent, Donaldson Lufkin & Jenrette Securities Corp., requests that the panel dismiss the Claim and Crossclaim, award it \$199,530.75 on its Counterclaim and grant its Crossclaim for indemnification on any award made to the Claimant against it.

Respondents, Golden Harvest Securities, Inc. and Gregory Yan, request that the panel dismiss all Claims and Crossclaims, award it \$1,045,000.00 on their Counterclaim and \$45,000.00 on their Crossclaim plus indemnification from DLJ for any award made to the Claimant, interest, costs, and disbursements.

AWARD

On May 31, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant, on July 7, 1989 and the Respondents Donaldson Lufkin & Jenrette Securities Corp. August 22, 1988, Gregory Yan on September 19, 1988, respectively. Golden Harvest Securities, Inc. did not execute a Submission Agreement. The hearing was held in New York City, New York and consisted of two 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:

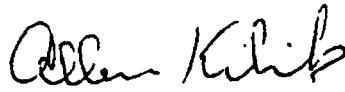
1. All claims asserted by Claimant, against Respondents, are dismissed in their entirety.
2. All Counterclaims asserted by Respondents Golden Harvest Securities, Inc. and Gregory Yan are dismissed in their entirety.
3. Claimant, Kenneth Chan, is hereby liable to Respondent, Donaldson Lufkin & Jenrette Securities Corp., in the amount of One Hundred and Ninety-Nine Thousand, Five Hundred and Thirty Dollars and Seventy Five Cents (\$199,530.75), plus interest at a rate of ten percent (10%) from October 19, 1987 to the date of payment.
4. The parties shall each bear their respective costs, including attorneys' fees.
5. Pursuant to Section 43 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.
6. Respondent, Golden Harvest Securities, Inc., is assessed forum fees in the amount of \$750.00 payable to the NASD, Inc. through its staff counsel in accordance with Section 43 of the Code of Arbitration Procedure.

OTHER ISSUES

During the hearing, Respondents withdrew without prejudice the Crossclaims asserted against each other.

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ARBITRATOR CONCURRING

A handwritten signature in cursive script, appearing to read "Allen Kilik", written over a horizontal line.

Allen Kilik

Dated: June 18, 1990

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ARBITRATOR CONCURRING

Thomas W. Kelly
Thomas W. Kelly

Dated: June 14, 1990

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ARBITRATOR CONCURRING


Thomas M. Kelly

Dated: June 15, 1990