

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between :
: :
John Cheng Yang : AWARD
: :
Claimant : #88-02755
vs. : :
: :
Ralph Seto :
Alexander Michaels, Inc. :
Respondent :
: :

Case Summary

Claimant John Cheng Yang (hereinafter "Claimant") asserted that Respondents Ralph Seto (hereinafter "Seto") and Alexander Michaels, Inc. (hereinafter "Alexander Michaels") made material misrepresentations to the Claimant which induced the Claimant to purchase 10,000 shares of ADM Tronics. Claimant asserted that Seto guaranteed ADM Tronics and told Claimant that if he bought ADM Tronics Claimant would be guaranteed to make money. Claimant further asserted that Seto never told Claimant that ADM Tronics was a speculative investment and that Claimant invested his life savings in ADM Tronics. Claimant asserted if he knew ADM Tronics was a speculative stock he would have never purchased this stock. Claimant asserted that Seto never explained what the phrase "We make a market in these securities" which appeared on the confirmation slip received by Claimant meant.

Respondents Seto and Alexander Michaels denied all allegations in Claimant's claim and specifically maintained that Seto never guaranteed ADM Tronics to Claimant; that Seto never mislead the Claimant; and that ADM Tronics was a suitable investment for the Claimant under the circumstances.

Relief Requested

Claimant John Cheng Yang requested that the panel rescind the original trades in ADM Tronics stock and that Respondents return to Claimant his money plus interest or such other relief as the panel deems appropriate.

Respondent Alexander Michaels requested that the panel dismiss the Claimant's claim in its entirety, that all costs and expenses of this proceeding, including attorney fees be assessed against the Claimant.

Respondent Seto requested that the Claim be dismissed and that Respondent Seto be awarded compensation for his time in defending this matter.

Award

On December 19, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant John Cheng Yang on August 30, 1988 and by Respondent Alexander Michaels, Inc. on November 21, 1988. Respondent Ralph Seto did not execute a Submission Agreement however, he did submit an Answer and attended the hearing. Pursuant to Section 12(a) the arbitration panel exercised its jurisdiction over Ralph Seto. The initial claim was filed on August 31, 1988. The arbitrators, 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. That the Claimant's claim shall be dismissed in its entirety.
2. The parties shall each bear their respective costs including attorney fees.
3. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain \$200.00 of the \$400.00 filing fee and return to the \$200.00 of the filing fee previously deposited Claimant as costs of the December 19, 1989 single hearing session. Pursuant to Section 43 of the Code of Arbitration Procedure, Respondent Ralph Seto is assessed \$100.00 in forum fees and Respondent Alexander Michaels, Inc. is assessed \$100.00 in forum fees. Forum fee assessments shall be made payable to the National Association of Securities Dealers, Inc.

CONCURRING ARBITRATORS

/s/ _____
Howard S. Eilen

/s/ _____
Marvin Fenster

/s/ _____
Leon Goldsholl