

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Freddy Wong

89-03469

Name of Respondent(s)

Shearson Lehman Hutton, Inc.

Joseph J. Ulloa

Fred Lee

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Heard before:

Name	Public/Industry
Wayne E. Gallop, Esq. _____	Public/Chair _____
Eugene Kramer _____	Securities _____
Ruth G. Lavell _____	Public _____

CASE SUMMARY

This matter was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on December 12, 1989.

Claimant, Freddy Wong (Wong), a resident of Taiwan, brought this action against Respondents, Shearson, Lehman Hutton, Inc. (Shearson) and Joseph J. Ulloa (Ulloa). Respondent, Shearson, filed a Third Party Claim against Fred Lee (Lee), who was Wong's broker when this cause of action arose.

Claimant, Wong, alleges that he opened an account with Shearson through Lee and commencing in August, 1989, purchased and sold numerous S & P index futures in his commodity account. During the course of said trading, the S & P index fell sharply leading to a margin call in his account. Shearson contacted Lee who was in Taiwan at the time and told him that \$120,000.00 would be needed to avoid liquidation of Wong's positions. Shearson alleges that the communication received from Lee did not adequately assure them that the margin would be covered. A stop order was placed and subsequently reached and Wong's position was liquidated.

Wong had, in fact, wired \$150,000.00 to cover the position but the money was credited to his account after the liquidation.

Respondents, Shearson and Ulloa allege that they were concerned that Wong's account would suffer more severe losses had they not placed the stop loss order and were not assured that the funds were being transmitted from Taiwan. Shearson brought their Third Party Claim against Lee because they believed that he should have been named as a Respondent in the original claim.

RELIEF REQUESTED

Claimant, Wong, seeks to recover \$182,600.00 in general damages, punitive damages, costs of suit and attorneys' fees.

Respondents, Shearson and Ulloa, seek dismissal of the claim in its entirety and, in the alternative, seek indemnification from Third Party Respondent, Lee.

AWARD

On March 7, and 8, 1991 in Los Angeles, California during a hearing lasting 4 sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant, Freddy Wong, on November 10, 1989 and signed by Harry T. Walters on behalf of Respondent, Shearson Lehman Hutton, Inc. on February 6, 1990 and by Respondent, Joseph J. Ulloa on January 31, 1990 and by Third Party Respondent, Fred Lee on March 8, 1991.

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

1. Respondent Shearson, Lehman, Hutton, Inc. is solely liable and shall pay to Claimant, Freddy Wong, the sum of One Hundred Forty Thousand Dollars and No Cents (\$140,000.00). Said sum is inclusive of all interest claimed.
2. The Third Party Claim of Shearson, Lehman, Hutton, Inc. against Third Party Respondent, Fred Lee, is dismissed.
3. Each and every claim of Claimant, Freddy Wong, against Respondent Joseph J. Ulloa is dismissed.
4. The parties shall each bear their respective costs including attorneys' fees.

FORUM FEES

In accordance with Section <43c/44c> of the NASD Code of Arbitration Procedure, the NASD shall refund the \$750.00 filing fee previously deposited by the Claimant. In addition, Respondent is also assessed fees of \$3,000.00. Fees are payable to the National Association of Securities Dealers, Inc.

OTHER ISSUES

Also present at the hearing were Mandarin interpreters Stephen S. Lai and Hubert Lam who translated all testimony to and from Mandarin.

(s) Signature

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Ruth G. Davell

Date of Decision: 8 March 1991