

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	x
	x
Choon Seng Tiong	x
Claimant	x
	x CASE NO.
vs.	x 90-00244
	x
First Flushing Securities, Inc.,	x AWARD
Q & R Clearing Corporation, Patty Tsang	x
and John Liu	x
Respondents	x
	x

CASE SUMMARY

Claimant, Choon Seng Tiong ("Tiong"), alleged that Respondents Patty Tsang ("Tsang") and John Liu ("Liu") churned and engaged in high risk, unsuitable option and margin trading in his account, and that they failed to advise Tiong of the risks inherent in such trading. Tiong further alleged that Respondents Q & R Clearing Corp. ("Q&R") and First Flushing Securities, Inc. ("First Flushing") failed to properly monitor and supervise Tiong's account and his financial consultants.

Q&R contended that it had no direct contact or communication with Tiong other than sending trade confirmations and monthly statements to him, and that they were not obligated to supervise the handling of Tiong's account.

First Flushing, Tsang and Liu contended that Tiong was a sophisticated investor who independently engaged in a pattern of short-term stock and option speculation with full knowledge of the inherent risks, and that Tiong used the services of First Flushing solely to process transactions for his account.

RELIEF REQUESTED

Tiong requested actual damages of \$88,413.99, plus treble or punitive damages of \$265,241.97, plus attorneys' fees of \$88,413.99. Q&R, First Flushing, Tsang and Liu requested dismissal of all claims made against them, plus costs and attorneys' fees.

AWARD

On October 22 & 23, 1990 and January 3 & 21, 1991, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant Choon-Seng Tiong January 11, 1990, by Respondent Q & R Clearing Corporation on September 12, 1990, by Respondent First Flushing Securities, Inc. on September 12, 1990, by Respondent John Liu on September 12, 1990, and by not by Respondent Patty Tsang as is required by Section 12 of the NASD's Code of Arbitration Procedure. The initial claim was filed on January 22, 1990. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in New York City, NY, and consisted of seven (7) 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:

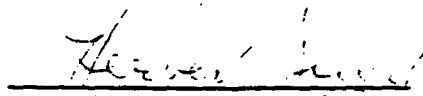
1. Pursuant to the by-laws of the NASD, the arbitrators determined that Patty Tsang was required to submit to this arbitration and is therefore bound by this panel's rulings and determinations.
2. All claims against Respondent First Flushing Securities, Inc. be and hereby are dismissed in their entirety.
3. All claims against Respondent Q & R Clearing Corporation be and hereby are dismissed in their entirety.
4. All claims against Respondent Patty Tsang be and hereby are dismissed in their entirety.
5. All claims against Respondent John Liu be and hereby are dismissed in their entirety.
6. The Respondents' request for attorneys' fees is denied. Therefore, the parties each shall bear their respective costs including attorneys' fees.
7. 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, and the Claimant be and hereby is liable and shall pay to the NASD the sum of Four Thousand Seven Hundred Dollars and No Cents (\$4,700.00), as costs of the seven (7) hearing sessions conducted in this matter.

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Tiong Award

CONCURRING ARBITRATORS



Ted M. Rosen



Herbert Siegel



Larry H. Irom

Dated: May 17<sup>th</sup>, 1991