

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

In the Matter of the Arbitration Between

**Name of Claimant(s)**

Jonathan Lee

NASD Arbitration  
No. 92-00522

**Name of Respondent(s)**

Dean Witter Reynolds, Inc.  
Steve Ryu

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**REPRESENTATION**

For Claimant: James J. Kim, Esq., San Francisco, California

For Respondent Dean Witter Reynolds, Inc.: Wendy R. Robinson, Esq., Dean Witter Reynolds, Inc., San Francisco, California

For Respondent Steve Ryu: Steve Ryu, Garfield, New Jersey

**CASE INFORMATION**

Statement of Claim filed: February 7, 1992

Claimant's Submission Agreement signed: October 31, 1991

Statement of Answer filed by Respondent Dean Witter Reynolds, Inc.: June 1, 1992

Respondent Dean Witter Reynolds, Inc.'s Submission Agreement signed: June 1, 1992

Statement of Answer filed by Respondent Steve Ryu: December 29, 1992

Respondent Steve Ryu did not file a Submission Agreement but is subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction in accordance with Section 12 of the Code of Arbitration Procedure.

### **HEARING INFORMATION**

Pre-Hearing Conference: None

Hearing Date(s)/Sessions: December 29, 1992 (two sessions)  
December 30, 1992 (two sessions)  
April 12, 1993 (one session)

Hearing Location: San Francisco, California

### **CASE SUMMARY**

Claimant alleged unauthorized transactions with respect to options trading in his account. Claimant also alleged that he authorized Respondent Steve Ryu to make discretionary investments up to \$5,000.00 from the funds Claimant deposited and that Mr. Ryu exceeded the \$5,000.00 limit of his discretionary authority.

Respondent Dean Witter Reynolds, Inc. denied that Claimant limited Mr. Ryu's authority to \$5,000.00 and alleged that either the authority granted by Claimant must have been for a higher amount or the transactions were specifically authorized by Claimant. Dean Witter Reynolds, Inc. also asserted affirmative defenses.

Respondent Steve Ryu alleged that he and Claimant discussed the investments recommended with respect to Claimant's account and that Claimant accepted the recommendations. Mr. Ryu further alleged that Claimant authorized the discretionary trading that took place in Claimant's account.

### **RELIEF REQUESTED**

Claimant requested:

1. Damages in the amount of \$36,365.00;
2. Interest thereon from April 19, 1991 to the date of decision at the prevailing legal rate;
3. Attorney's fees and costs;
4. Punitive damages in the sum of \$100,000.00; and
5. Other relief deemed just.

Respondent Dean Witter Reynolds, Inc. requested:

1. Dismissal of Claimant's claims;
2. That all costs be charged to Claimant; and
3. Any further relief that the arbitration panel may deem just and proper.

### **OTHER ISSUES CONSIDERED & DECIDED**

During the hearing sessions, conducted December 29 and 30, 1992, the arbitrators heard arguments by the parties and their representatives regarding the admission of Respondent Steve Ryu's letter of January 7, 1992, directed to a Mr. Kirk G. Barrow. Mr. Ryu presented the letter as his Answer to the Statement of Claim. The arbitrators ruled to accept Mr. Ryu's letter of January 7, 1992 as his Statement of Answer and pursuant to James J. Kim, Esq.'s request, adjourned the hearing to allow Mr. Kim to conduct discovery or deposition of Mr. Ryu. Pursuant to the arbitrators' ruling the discovery or deposition of Mr. Ryu took place during the afternoon of December 29, 1992.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

### **AWARD**

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

1. Respondents Dean Witter Reynolds, Inc. and Steve Ryu are jointly and severally liable for and shall pay to Claimant the sum of \$15,590.00 plus interest at the legal rate of 10% from April 19, 1991 until payment of Award.

2. Claimant's claim for punitive damages is denied.

3. The parties shall each bear their respective costs including attorney's fees.

### **FORUM FEES**

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall retain the \$750.00 hearing session deposit previously deposited by the Claimant. Forum fees are to be split between Claimant and Respondent Dean Witter Reynolds, Inc. and are calculated as follows:

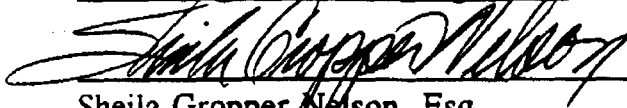
Five hearing sessions	@ \$750.00/session	=	\$3,750.00
Total fees assessed		=	\$3,750.00
Claimant's share (50%)		=	\$1,875.00
Credit for hearing deposit		=	\$ 750.00
Balance due		=	\$1,125.00
Dean Witter Reynolds, Inc.'s share (50%)		=	\$1,875.00
Balance due		=	\$1,875.00

Fees are payable to the National Association of Securities Dealers, Inc.

### **ARBITRATORS**

<u>Name</u>	<u>Public/Industry</u>
Sheila Gropper Nelson, Esq.	Public Arbitrator
Leonard Greenwold	Public Arbitrator
Kenneth L. Brown	Industry Arbitrator

Concurring Arbitrators' Signatures

  
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Sheila Gropper Nelson, Esq.

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Leonard Greenwold

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Kenneth L. Brown

Date of Decision: 4/27/93