

PUBLIC

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Shurong Mao

92-04228

Name of Respondents

Josephthal Lyon & Ross, Inc.
Stephen (A.K.A. Ji Ping) Yu

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on December 18, 1992, Claimant Shurong Mao who appeared Pro Se, alleged that on December 18, 1993 Respondent Stephen Yu, Account Executive at Respondent Josephthal Lyon & Ross, Inc. bought 500 shares of CMY on margin for him without his authorization and that same day Claimant sent a fax to Respondent Stephen Yu which clearly informed him that Claimant did not want any margin trades. Claimant further alleged that he never signed a margin agreement with the company. Claimant contended that Respondent Stephen Yu promised, over the phone, that he would never trade on margin for Claimant again; however, on January 28, 1992 Respondent Stephen Yu again purchased on margin in Claimant's account whereby Claimant again repeated to Respondent Stephen Yu that he did not want to trade on margin. Claimant further contended that he had to send money to Respondent Josephthal Lyon & Ross, Inc. to cover the margin because he had no other choice; however, Claimant asserted that the copy of the "Customer Agreement" presented by Respondent Josephthal Lyon & Ross, Inc. was signed under a different account and Claimant never signed any Discretionary Agreement or Trading Letter to Respondent Stephen Yu at Respondent Josephthal Lyon & Ross, Inc. or any other brokerage firm. Claimant further asserted that due to Respondent Stephen Yu's cheating, misleading and unauthorized margin trading, and Respondent Josephthal Lyon & Ross, Inc. negligent supervision, Claimant lost \$4,000.00.

Respondent Josephthal Lyon & Ross, Inc. by and through their in-house counsel Robert Moses, maintained that Claimant Shurong Mao entered into a Customer Agreement which authorized margin trades. Respondent Josephthal Lyon & Ross, Inc. further maintained that Claimant did not provide any objection to the margin trades until months after the transaction occurred.

Respondent Josephthal Lyon & Ross, Inc. contended that no unauthorized trades occurred in Claimant's account and that they deny that it acted negligently, wrongfully, recklessly or otherwise breached any duty owed to Claimant.

Respondent Stephen Yu, who appeared Pro Se, maintained that Claimant Shurong Mao signed a Margin Agreement whereby he made five trades for Claimant, four of which made money. Respondent Stephen Yu further maintained that Claimant gave him full authorization to trade on margin, thus the claim should be denied.

RELIEF REQUESTED

Claimant Shurong Mao requested \$4,000.00 in actual damages and expenses.

Respondent Josephthal Lyon & Ross, Inc. requested the claim be dismissed in its entirety with costs assessed against the Claimant.

Respondent Stephen Yu requested the claim be denied.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Leah G. Rabinowitz, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on December 16, 1992, by the Respondent Josephthal Lyon & Ross, Inc. on February 19, 1993 and by the Respondent Stephen Yu on March 29, 1993.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of Claimant Shurong Mao against Respondents Josephthal Lyon & Ross, Inc. and Stephen Yu are dismissed,
2. The parties shall bear their respective costs.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Shurong Mao shall be retained by the NASD.

AFFIRMATION

I, **LEAH G. RABINOWITZ**, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

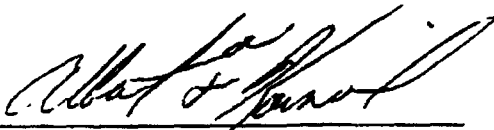
Date of Decision: June 29, 1993

STATE OF: *NEW YORK*

SS:

COUNTY OF: *NEW YORK*

On this 22nd day of JUNE 1993, before me personally appeared Leah G. Rabinowitz to me known and known before me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.



ALBERT F. KARNICA
Notary Public, State of New York
No. 4508944
Qualified in Rockland County
Commission Expires June 30, 1995