

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Name of Claimant

K.J. Cheong

93-04028

Name of Respondents

John Dawson & Associates, Inc., Dexter Choi,

Peter Cho, Simon Chong and John H. Dawson

REPRESENTATION OF PARTIES

Claimant, K.J. Cheong ("Claimant") was represented at the hearing by Howard Z. Gopman, Esq., Howard Z. Gopman & Associates, Chicago, Illinois.

Respondents, John Dawson & Associates, Inc. ("Dawson & Assoc."), Dexter Choi ("Choi"), Peter Cho ("Cho"), Simon Chong ("Chong"), and John Dawson ("Dawson") were represented at the hearing by Thomas P. Ward, Esq. of McBride Baker & Coles, Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on October 1, 1993. Submission Agreement of Claimant was signed on September 17, 1993.

Joint Statement of Answer was filed by Respondents on January 31, 1994. Submission Agreements of Respondents John Dawson & Associates, Inc. and Dexter Choi, and John Dawson were signed on January 25, 1994. Submission Agreements of Respondents Peter Cho and Simon Chong were signed on January 26, 1994.

HEARING INFORMATION

A pre-hearing conference was held on June 30, 1994 for one session with the Chairman.

The hearing was held on July 12, 1994 for two sessions and on July 13, 1994 for two sessions in Chicago, Illinois for a total of four sessions.

CASE SUMMARY

Claimant alleged that Respondents Dawson & Associates, Dawson, Choi, Cho, and Chong committed securities fraud, recommended unsuitable securities, failed to supervise, breached the duty of good faith, fair dealing, and fiduciary duty, engaged in racketeering, committed fraud, breach of contract, engaged in negligent misrepresentation, and violated Illinois and Indiana securities laws, while Claimant maintained an account with Dawson & Associates. Claimant alleged that Choi permitted Claimant to purchase 5000 shares of Converse Technology, Inc. and then another 50,000 shares of Converse Technology, Inc. Claimant also alleged that Choi purchased, without authorization, 50,000 shares of Airship International, Ltd., which was alleged to be a highly speculative, new, unproven entity.

Respondents generally denied the allegations set forth in the Statement of Claim. Respondent Choi stated that Claimant agreed and authorized the purchase of the securities set forth herein. Respondents stated that Claimant developed his own trading strategy and directed Dawson & Associates accordingly. Respondents further stated that they executed Claimant's orders, and complied with every duty owed in the context of executing an order it received.

RELIEF REQUESTED

Claimant requested compensatory damages for all losses, treble damages, punitive damages, and rescissionary damages, plus interest, forum fees, attorney's fees, costs and such other and further relief as the panel deems just.

Respondents requested that the claim be denied and that all forum fees be assessed against claimant. Respondents also requested their attorney's fees.

OTHER ISSUES CONSIDERED & DECIDED

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 N.A.S.D.

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. The Statement of Claim is denied in its entirety and the Respondents, John Dawson & Associates, Inc., John Dawson, Dexter Choi, Peter Cho, and Simon Chong are hereby dismissed;

2. Each of the parties shall bear their own costs and expenses other than those specifically enumerated for herein.

FORUM FEES

Pursuant to §43(c) of the N.A.S.D. Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("N.A.S.D.") shall retain the non-refundable filing fee in the amount of \$150.00 and shall retain as forum fees the hearing session deposit in the amount of \$500.00 previously deposited with the N.A.S.D. by the Claimant.

Forum fees are calculated at the rate of \$500.00 per hearing session (4 sessions) and \$300.00 for each prehearing conference (1 session).

Total amount of forum fees due to the N.A.S.D.: \$1800 which represents \$1500 for the hearing sessions and \$300 for the prehearing conference. The panel has ordered that Claimant pay \$650 to the N.A.S.D. and that Respondents, jointly and severally, pay \$1150 to the N.A.S.D.

Additional Forum Fees assessed by the panel are payable to the National Association of Securities Dealers, Inc.

By The Arbitration Panel:

Edwin R. Dunn s/s

Dated:
July 27, 1994

Edwin R. Dunn, Esq.
Public Arbitrator, Presiding Chair

Laurence S. Kahn s/s

July 26, 1994

Laurence S. Kahn, Esq.
Public Arbitrator

Thomas M. Lehner s/s

July 26 1994

Thomas M. Lehner
Industry Arbitrator

Date Award Served By The N.A.S.D.: 7-28-94