

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Henry C. Liu

93-05277

Name of Respondent

E\*Trade Securities, Inc.

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on December 22, 1993, Claimant Henry C. Liu, who appeared Pro Se, alleged that Respondent E\*Trade Securities, Inc. sold and liquidated GM and UAL options without authorization on September 23, 1993. Claimant further alleged that on September 24, 1993, payment settlement date, Claimant intended to sell GM and UAL securities, but found out that they had been liquidated. Claimant contended that he has attempted communication with Respondent to no avail, therefore he should be compensated for his losses.

Respondent E\*Trade Securities, Inc., through their outside counsel, R. David Mishel, Esq. of Titchell Maltzman Mark Bass Ohleyer, San Francisco, CA, maintained that Claimant wanted a free-ride by paying for a purchase of securities by a sale of the same securities. Respondent further maintained that Claimant failed to close out the UALIH and GMII calls by option expiration date September 17, 1993. Respondent contended that 2,700 shares of GM and 600 shares of UAL made a debit for which the Claimant did not have enough in the account and his income or net worth were insufficient to cover debit. Respondent further contended that in accordance with their customer agreement they exercised their right to liquidate GME UAL. Respondent maintained that they were crediting Claimant's account for an additional \$2,025.00 on the sale of GM shares and therefore requests that the Statement of Claim be dismissed.

**RELIEF REQUESTED**

Claimant Henry C. Liu requested \$7,458.00 in actual damages, and \$1,000.00 in punitive damages.

Respondent E\*Trade Securities, Inc. requested that the claims of the Claimant be dismissed.

**AWARD**

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Evelyn Ann Kramer, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on December 2, 1993 and by the Respondent on February 25, 1994.

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. Respondent E\*Trade Securities, Inc. is liable and shall pay to Claimant Henry C. Liu \$256.32 in actual damages.
2. Respondent E\*Trade Securities, Inc. is liable and shall pay to Claimant Henry C. Liu interest at the rate of 10% per annum from January 1, 1995 to date of payment of the award.
3. The claimant's request for punitive damages is denied.
4. The parties shall bear their respective costs.
5. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Henry C. Liu shall be retained by the NASD, Inc. Respondent E\*Trade Securities, Inc. is liable and shall pay to the Claimant Henry C. Liu \$150.00 as reimbursement of the filing fee.

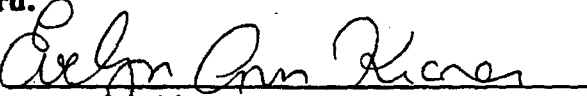
**Affirmation**

**STATE OF**

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**COUNTY OF**

I, Evelyn Ann Kemer, do hereby affirm upon my oath  
as arbitrator that I am the individual described in and who executed this instrument,  
which is my oath and award.

  
Signature of Arbitrator

**DATE OF DECISION:** April 7, 1995