

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

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

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**In the Matter of the Arbitration Between**

**Name of Claimants**

**Chun Chaw Judy Chuang & Chin-Lern Jin, WTROS.**

**vs.**

**Award No.  
94-00824**

**Name of Respondent**

**Brown & Company Securities Corporation**

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**REPRESENTATION**

**For Claimants, Chun Chaw, Judy Chuang and Chin-Lern Jin ("Claimants"), Paul J. Forsman, Esq., located in Red Bank, New Jersey.**

**For Respondent, Brown & Company Securities Corporation, "(Respondent)", Susan M. Boudrot, Esq., in-house counsel, located in Boston, Massachusetts.**

**CASE INFORMATION**

**Statement of Claim was filed on March 3, 1994.**

**Claimants' Submission Agreement was signed on February 28, 1994.**

**Statement of Answer was filed on June 24, 1994.**

**Respondent's Submission Agreement was signed on June 21, 1994.**

**Respondent's Amended Statement of Answer was filed on May 26, 1995.**

**HEARING INFORMATION**

**Hearing Date/Sessions: June 12, 1995 - 2 sessions**

**Hearing Location: NASD offices located at 33 Whitehall Street, New York, New York.**

**CASE SUMMARY**

**Claimant Judy Chuang alleges that she purchase 2,000 units of Diamond Entertainment Corporation ("DMECU") for \$5,000 (each unit consisted of 2**

warrants and five shares of common stock). Claimant alleges the DMECU had a 1 for 20 reverse stock split of common in July 1993 but she did not become aware of the reverse split until August 16, 1993. Claimant alleges that on August 16, 1993 pursuant to a telephone call to Brown & Company, (she was told that she had 2,000 units in her account at \$8 per unit. Claimant states that she requested that 2,000 units were sold for \$15,935.00. Claimant states that she received confirmation of the sale which showed a trade date of August 16, 1993. Claimant further alleges that on October 18, 1993, Respondent informed her that the transaction regarding the 2,000 units was a short sale and that Claimant had to buy back 1,900 unit of DMECU to cover the short sale. Claimant states that she requested the sale of the 2,000 units based on information provided by Respondent. Claimant alleges that Respondent admitted to the mistake and offered to split half of the cost of buying back the 1,900 units. Claimant also alleges that she told Respondent that she would send a letter to settle the matter and Respondent promised to wait for the letter. Claimant contends that instead of doing what they promised, Respondent posted a debit of \$23,750.00 to her account on October 27, 1993.

Respondent denies the allegation contained in the Statement of Claim. Respondent contends that the Claimant knew of the reverse split at least as of the day she placed an order to sell 2,000 units. Respondent also contends that Claimants knew that the number and value of the shares and warrants diminished after the split. Respondent contends that when Claimants saw that the number and value of units did not diminish after the reverse split, they decided to take advantage of a clerical error by selling more units than they actually owned. Respondent states that Claimants' losses resulted from their attempt to collect a windfall profit from a clerical error. Respondent also alleges that the Claimants can legitimately claim \$7,815.00 and not \$23,750.00.

#### **RELIEF REQUESTED**

Claimants request \$23,750.00 and Respondent requests dismissal of the claims.

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

The parties have agreed that the Award in this matter may be executed in counterpart copies and agreed to receive conformed copies of the Award while the original remains on file with the NASD.

**AWARD**

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

1. Respondent is liable to Claimants and shall pay them **THREE THOUSAND NINE HUNDRED SEVEN DOLLARS AND ZERO CENTS (\$3,907.00)**.
2. All other claims for relief are denied.

**FORUM FEES**

Pursuant to Section 43(c) of the *Code of Arbitration Procedure*, the following Forum Fees are assessed.

Non-refundable Filing Fee: \$100.00

hearing Session Fees: \$800.00 (2 hearing sessions at \$400.00 per session)

Total Fees: \$900.00

1. Claimants are assessed \$900.00 in forum fees.
2. Respondent was assessed and had paid \$400.00 for the postponement of the May 12, 1995 hearing. Respondent also requested postponement of the June 12, 1995 hearing which was denied. Consequently is entitled to a refund of \$400.00.

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

**ARBITRATION PANEL**

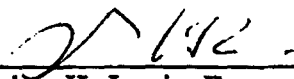
John J. Phelan, Esq.	-	Public Chairperson
Kenneth M. Felder	-	Public Panelist
Stephen H. Lewis, Esq.	-	Industry Panelist

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**AFFIRMATION**

I, Stephen H. Lewis, Esq., do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that this is my decision in the above-captioned matter.

Concurring Arbitrator's Signature

  
\_\_\_\_\_  
Stephen H. Lewis, Esq.

NASD Date of Decision: August 11, 1995

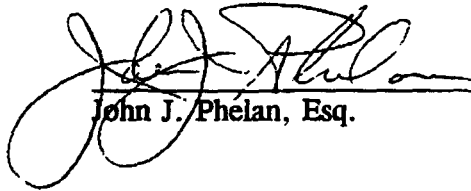
Award No. 94-00824

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**AFFIRMATION**

I, John J. Phelan, Esq., do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that this is my decision in the above-captioned matter.

Concurring Arbitrator's Signature

  
John J. Phelan, Esq.

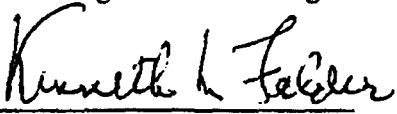
NASD Date of Decision: August 11, 1995

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**AFFIRMATION**

I, Kenneth M. Felder, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that this is my decision in the above-captioned matter.

Concurring Arbitrator's Signature

  
Kenneth M. Felder

NASD Date of Decision: August 11, 1995

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

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**

In the matter of the Arbitration Between

**Name of Claimant(s)**

Susan E. Barnes

NASD Arbitration  
No. 94-00833

**Name of Respondent(s)**

Suppes Securities, Inc.  
Mark Anthony

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**REPRESENTATION**

For Claimant: Daniel J. Coplan, Esq., Los Angeles, California

For Respondents: H Thomas Fehn, Esq., Fields, Fehn & Sherwin, Los Angeles, California

**CASE INFORMATION**

Statement of Claim filed: February 28, 1994

Claimant's Submission Agreement signed: January 11, 1994

Joint Statement of Answer filed by Respondents: June 6, 1994

Respondents' Submission Agreements signed as follows:

Suppes Securities, Inc.: June 2, 1994

Mark Anthony: June 2, 1994

**HEARING INFORMATION**

Pre-Hearing Conference Date(s)/Session(s): None

Hearing Date(s)/Session(s): March 6, 1995 (one session)

Hearing Location:

Los Angeles, California

#### CASE SUMMARY

Claimant alleged that Respondents had no discretionary authority to trade in Claimant's account but nevertheless, without authorization of Claimant, purchased several securities for Claimant's account on margin. Claimant further alleged that when said securities declined in value, Claimant suffered substantial losses. Claimant contended that the signature on the margin authorization documents was not her signature but was a forgery.

Respondents denied Claimant's allegations of wrongdoing regarding the purchases made in Claimant's account and further denied that they exercised discretionary authority with respect to Claimant's account. Respondents alleged that Claimant's disputed investments were made at the request of Claimant's husband, Bernie Katz, via telephone, and confirmed by Claimant via telephone. At hearing, Respondents contended that Claimant had failed to prove a prima facie case and offered no countervailing testimonial evidence.

#### RELIEF REQUESTED

Claimant requested compensatory damages of \$50,000.00, plus pre-judgment and post-judgment interest, punitive damages of \$150,000.00 plus costs and attorney's fees.

Respondents requested dismissal of Claimant's claims and requested attorney's fees in the amount of \$2,500.

#### OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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 National Association of Securities Dealers, Inc. (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 are jointly and severally liable for and shall pay to Claimant the sum of \$28,000.00 with interest of 10% from the date of this Award.
2. Claimant's claims for pre-judgment interest and punitive damages are denied.
3. The parties shall each bear their respective costs including attorney's fees.

### FORUM FEES

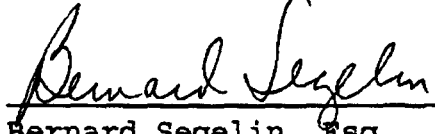
Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall refund the \$750.00 hearing session deposit previously deposited by the Claimant. Forum fees are assessed against Respondents, jointly and severally, in the amount of \$750.00, calculated as follows: One hearing session times \$750.00/session.

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

### ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Bernard Segelin, Esq.	Public Arbitrator
John E. Cummings	Public Arbitrator
Robert Taylor	Industry Arbitrator

Concurring Arbitrators' Signatures



Bernard Segelin, Esq.

\_\_\_\_\_  
John E. Cummings

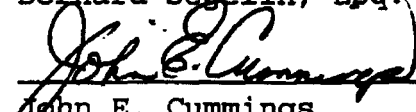
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Robert Taylor

Served 4/5/95

Date of Decision: March 29, 1995

Concurring Arbitrators' Signatures

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Bernard Segelin, Esq.

  
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John E. Cummings

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Robert Taylor

Served 4/5/95

Date of Decision: \_\_\_\_\_

Concurring Arbitrators' Signatures

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Bernard Segelin, Esq.

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John E. Cummings

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Robert Taylor

Served 4/5/95

Date of Decision: \_\_\_\_\_