

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant(s)

Qidi and Xiaoming Chen

95-00359

Name of Respondent(s)

National Discount Brokers

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on January 23, 1995, Claimants Qidi Chen and Xiaoming Chen, who appeared Pro Se, alleged that on October 25, 1994, Respondent, National Discount Brokers, executed an options trade for TMX \$55 calls at \$5 1/8 in response to the Claimant's request and before Respondent obtained complete documents signed by the Claimants. Shortly after the trade, Claimants allege that they were advised by the Respondent that the order was invalid because of the lack of a signed options agreement. The Claimants further alleged that they were unsophisticated investors without experience in trading options. The Claimants contended that due to the Respondent's wrongdoing they have suffered damages for which the Respondent should be held liable.

Respondent, National Discount Brokers, through its in-house representative, Seth Rosen, Chief Compliance Officer, maintained that Claimants are not entitled to have restitution damages, because the Claimants signed the required documents immediately after the trade which was well within the time limit provided by the NASD Rules of Fair Practice. Respondents further maintained that Claimants represented themselves as sophisticated investors with at least one year of experience with trading options. Respondents contended that the allegations of wrongdoing are incorrect, and that it should not be held liable.

**RELIEF REQUESTED**

Claimants, Qidi Chen and Xiaoming Chen, requested \$5,188.00 in actual damages, plus \$2,100.00 investment opportunity loss, pursuant to their amendment, and costs.

Respondent, National Discount Broker requested that the claims of Claimant be dismissed.

**AWARD**

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Murray Sommer, Esq. was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on January 20, 1995 and by the Respondent, National Discount Broker, on February 22, 1995.

And, the Arbitrator, having considered the documents of the parties and those annexed thereto, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent National Discount Broker is liable and shall pay to Claimants Qidi Chen and Xiaoming Chen \$5,188.00 in actual damages.
2. All other relief requests are denied.
3. The parties shall bear their respective costs.

The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants, shall be retained by the NASD. Respondent, National Discount Broker, is liable and shall pay \$75.00 to the Claimants as reimbursement of the filing fee.

**Affirmation**

STATE OF *New York*

} SS:

COUNTY OF *New York*

I, *Murray & Sommer*, 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.

*Murray & Sommer*  
Signature of Arbitrator

Date of Decision: June 15, 1995

STATE OF *NEW YORK*

SS:

COUNTY OF *NEW YORK*

On this *15* day of *JUNE*, 1995, before me personally appeared Murray Sommer, Esq.  
known and known to me to be the individual described in and who executed the foregoing  
instrument and be duly acknowledged to me that he executed the same.

*Andrew Russell*

ANDREW RUSSELL  
Notary Public, State of New York  
No. 02RU5034752  
Qualified in New York County *46*  
Commission Expires Oct. 17, 19*96*