

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Jong Kung Su

95-00548

Name of Respondent(s)

Investors Associates Inc.
Nick Hua

REPRESENTATION

The Claimant, Jong Kung Su ("Claimant"), appeared Pro Se.

For Respondent, Investors Associates, Inc. ("Investors"), Lawrence R. Gelber, Esq. of the firm Beigel Schy Lasky Rifkind Goldberg Fertik & Gelber, located in New York, N.Y.

Respondent Nick Hua ("Hua") appeared Pro Se.

CASE INFORMATION

Statement of Claim filed: February 2, 1995

Claimant's Submission Agreement signed on: January 30, 1995

Statement of Answer filed by Respondent Investors: April 5, 1995

Investors Submission Agreement signed on: February 13, 1995

Statement of Answer filed by Respondent Hua: March 12, 1995

Respondent Hua's Submission Agreement signed on: March 13, 1995

HEARING INFORMATION

Hearing Dates/Sessions: February 16, 1996 - 2 sessions

Hearing Location: The hearings were held at the offices of the National Association of Securities Dealers located in New York, N.Y.

CASE SUMMARY

Claimant alleged that during April of 1993, Respondent Hua, a representative of Respondent Investors, contacted him by phone and persuaded him to transfer his other accounts to Investors. Claimant further alleged that on May 21, 1993 he transferred stocks valued at \$30,417.50 from Charles Schwab to Investors and on June 3, 1993 he transferred stocks valued at \$3,375.00 from Josephthal Lyon & Ross, Inc. to Investors. Claimant contended that Hua assured him that through his professional management, Claimant's account value would grow. Claimant further contended that within two months of transferring his account to Investors, Hua, without consent, sold all of the quality stocks transferred into the account and purchased a few low priced, small company stocks in great quantity. Claimant alleged that Hua made trades without authorization and purchased stocks on margin without authorization. Claimant further alleged that Hua left Investors sometime during February, 1994 and his account was not managed by anyone at Investors until he transferred his account to Charles Schwab on May 6, 1994. Claimant contended that during the time his account was not managed, two stocks purchased by Hua, Copytele and Boardwalk Warrants, declined in value. Claimant further contended that his account declined in value by \$22,828.15 during the period it was managed by the Respondents.

Respondent Investors maintained that Claimant had a net profit on Copytele of \$3,699.75 and with respect to the Boardwalk Warrants, a maximum loss of \$7,400.00. Respondent further maintained that Claimant received trade confirmations for every trade and did not contemporaneously complain about any unauthorized activity. Respondent contended that all reduction in value of the Claimant's account was a direct result of Claimant's own choice to hold or sell.

Respondent Hua maintained that he did not make any false promises or misrepresentations with respect to the stock transactions executed on behalf of the Claimant. Respondent further maintained that all of the transactions were authorized by the Claimant. Respondent contended that he fully explained margin and the risk associated with margin to the Claimant prior to executing any margin transaction.

RELIEF REQUESTED

Claimant requested \$22,828.15 in actual damages.

Respondent Investors requested that the Statement of Claim be denied in its entirety and that it be awarded costs, fees, expenses and reasonable attorney's fees in an amount not less than \$25,000.00.

Respondent Hua requested that the Statement of Claim be denied in its entirety.

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 NASD.

The Respondents made a motion to dismiss the Statement of Claim on the grounds that the Claimant ratified every trade conducted in his account. The arbitrators deferred ruling on the motion until all evidence was presented.

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) All claims against Respondents Investors and Hua be and hereby are denied based upon the evidence of ratification produced at the hearing and therefore, Respondent's motion to dismiss the claim is granted.
- 2) Each party shall bear their respective costs, including attorney's fees.
- 3) All other claims be and hereby are denied.

FORUM FEES

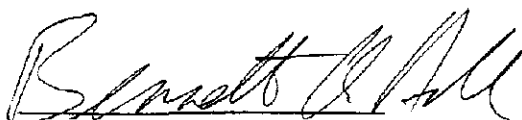
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed.

| | |
|--------------------------------|----------|
| non refundable filing fee: | \$100.00 |
| 2 hearing sessions x \$400.00: | \$800.00 |
| total fees assessed: | \$900.00 |

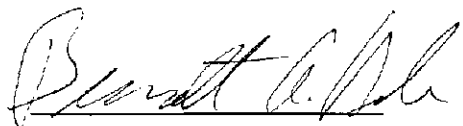
- 1) Claimant previously deposited \$500.00 with the NASD.
- 2) Respondent Investors be and hereby is liable for \$450.00, representing one-half of the forum fees assessed and shall pay \$250.00 to the Claimant and \$200.00 to the NASD.
- 3) Respondent Hua be and hereby is liable for \$450.00, representing one-half of the forum fees assessed and shall pay \$250.00 to the Claimant and \$200.00 to the NASD.

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

Concurring Arbitrator's Signature


Bennett A. Hall

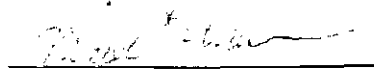
I, Bennett A. Hall, do hereby affirm that this is my decision in the above-captioned matter.



NASD Date of Decision: April 23, 1996

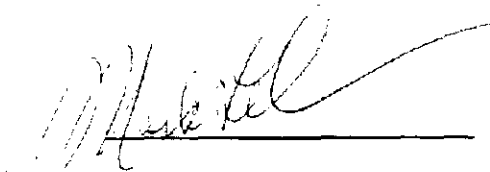
Concurring Arbitrator's Signature

Name



Mark Lehman, Esq.

I, Mark Lehman, Esq., do hereby affirm that this is my decision in the above-captioned matter.



NASD Date of Decision: April 23, 1996

Concurring Arbitrator's Signature

Michael G. Shannon
Michael G. Shannon, Esq.

I, Michael G. Shannon, Esq., do hereby affirm that this is my decision in the above-captioned matter.

Michael G. Shannon

NASD Date of Decision: April 23, 1996