

NASD AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Name of Claimant

Mei-Ban Lo and Sarsi Lo

and

95-01743

Name of Respondent

RAF Financial Corporation
Max Gould

REPRESENTATION OF PARTIES

Mei-Ban Lo and Sarsi Lo ("Claimants") were represented by Paul G. Bursiek, Esq., Pendleton Friedberg Wilson Hennessey & Meyer, P.C., Denver, Colorado.

RAF Financial Corporation ("Respondent RAF") and Max Gould ("Respondent Gould") were represented by Paul R. Wood, Esq., Miler & Welch, L.L.C., Denver, Colorado.

CASE INFORMATION

The Statement of Claim was filed on or about April 7, 1995. Submission Agreement of Claimants Mei-Ban Lo and Sarsi Lo was signed on May 15, 1995.

Statement of Answer was filed by Respondents RAF Financial Corporation and Max Gould on or about June 21, 1995. Submission Agreement of Respondent RAF Financial Corporation was signed on June 21, 1995 by Jodee Brubaker. Submission Agreement of Respondent Max Gould was signed on June 14, 1995.

HEARING INFORMATION

A pre-hearing conference was held on February 21, 1995 for one (1) session with Carol J. Zamperini, presiding. The hearing was held on March 4, 1996 in Denver, Colorado for a total of three (3) sessions.

CASE SUMMARY

Claimants alleged that Respondents wrongfully required them to purchase 2,000 shares of 2 Bi 2 stock in the aftermarket in order to acquire 5,000 shares of 2 Bi 2 in the September, 1992 initial public offering. Claimants specifically alleged that when Mr. Lo was first contacted, he was persuaded to purchase 10,000 shares of 2 Bi @, and that Respondent Gould told him that there was not enough shares allocated to him for an order that size. Claimants further alleged that Respondent Gould advised him that he would allocate 5,000 shares to them only if they agreed to purchase an additional 5,000 in the aftermarket. At that time, Claimants stated that they agreed to purchase 2,000 shares in the aftermarket.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated that Mr. Lo contacted Respondent Gould in August, 1992 and advised him that he wanted to invest \$30,000 in 2 Bi 2. Respondents stated that Respondent Gould told the Mr. Lo that because of the interest in the offering, he could only allocate to him 5,000 shares at \$3.00 per share. Respondents further stated that Respondent Gould advised Mr. Lo that he would have to purchase any additional shares in the aftermarket. It was also stated by respondents that Mr. Lo was a sophisticated well informed investor who had participated in initial public offerings and who understood the risks involved.

RELIEF REQUESTED

Claimant requested an award of damages from respondents, jointly and severally, in the amount of \$25,165, punitive damages, an award of prejudgment interest in the statutory rate from the date of loss, an award of costs and disbursements in bringing this action including reasonable attorneys' fees, and such other relief as is just and proper.

Respondents requested that the claims asserted against them be dismissed in their entirety.

OTHER ISSUES CONSIDERED & DECIDED

At the hearing of this matter, Claimants also asserted allegations that Respondents were guilty of excessive illegal markup on the stock sold in the aftermarket.

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 original(s) remain on file with the 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. The claims asserted in this matter shall be and hereby are dismissed and denied in their entirety.
2. Each party shall bear its own costs, expenses and attorneys' fees incurred in this matter not specifically enumerated herein.

FORUM FEES

Forum fees are calculated at the rate of \$400 per hearing session and \$300 for each prehearing conference, if any. There was one (1) session x \$300 and were three (3) sessions x \$400 = \$1,500 in forum fees. Pursuant to §43(b) a hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to §43(c) of the NASD Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("NASD") shall **retain** the non-refundable filing fee in the amount of \$120 and shall **retain** as forum fees the hearing session deposit in the amount of \$400 previously deposited with the NASD by the Claimants Mei-Ban Lo and Sarsi Lo. Claimants Mei-Ban Lo and Sarsi Lo shall be and hereby are liable for and shall pay to the NASD the sum of **\$350** as the balance due from them for forum fees. Respondents RAF Financial and Max Gould shall be and hereby are jointly and severally liable for and shall pay to the NASD the sum of **\$750** as the balance due from them for forum fees. Pursuant to §45 of the NASD Code of Arbitration Procedure, the NASD shall **retain** the sum of \$50 previously paid to the NASD by Respondent RAF Financial. Respondent RAF Financial shall be and hereby is liable for and shall pay to the NASD the sum of **\$150** as the balance due for the non-refundable member surcharge in the amount of \$200. **Fees are payable to the National Association of Securities Dealers, Inc.**

/s/ Carol J. Zamperini
Carol J. Zamperini
Public Arbitrator, Presiding Chair
/s/ Bradford J. Lam, Esq.
Bradford J. Lam, Esq.
Public Arbitrator
/s/ Donald P. Loyd, Esq.
Donald P. Loyd, Esq.
Industry Arbitrator

Dated: April 9, 1996
April 9, 1996
April 8, 1996