

AWARD

NASD Regulation, Inc. Office of Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Liang-Ju Lu

and

96-00901

Name of Respondent

Jospehthal Lyon & Ross, Inc.

REPRESENTATION OF PARTIES

Liang-Ju Lu ("**Claimant**") was represented by Daniel W. Schermer, Esq., Schermer & Schermer, Minneapolis, Minnesota.

Jospehthal Lyon & Ross, Inc. ("**Respondent**") was represented by Brian J. Neville, Esq., Josephthal Lyon & Ross, Inc., New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about February 28, 1996. Submission Agreement of Claimant Liang-Ju Lu was signed on February 26, 1996.

Statement of Answer was filed by Respondent Jospehthal Lyon & Ross, Inc. on or about April 22, 1996. Submission Agreement of Respondent Jospehthal Lyon & Ross, Inc. was signed on March 13, 1996 by Michael Loew.

HEARING INFORMATION

A pre-hearing conference was held on September 24, 1996 for one (1) session. The hearing was held on Tuesday, February 11, 1997 in Minneapolis, Minnesota for a total of two (2) sessions.

CASE SUMMARY

Claimant alleged that Huy Tang while employed by Respondent made unauthorized purchases and sales of Remedy Corporation. Claimant also alleged that Respondent was negligent in that it failed

to use care in the hiring, training, and supervision of Mr. Tang. Specifically, Claimant alleged the following:

- ▶ By letter dated March 17, 1995, Claimant notified Respondent of his complaint regarding the unauthorized transactions in Remedy Corporation.
- ▶ On the same day, Mr. Tang made another unauthorized purchase, purchasing stock of Play Co Toys.
- ▶ By letter dated March 21, 1995, Claimant notified Respondent of his complaint regarding the unauthorized trading in his account.

Respondent denied the allegations set forth in the Statement of Claim. Respondent specifically stated that all trades in the Claimant's account were authorized. Respondent further stated that the losses incurred in the account were attributable to market forces outside the control of Respondent.

RELIEF REQUESTED

Claimant requested an award of damages in the amount of \$14,805, together with interest, costs, and reasonable attorneys' fees, and such other and further relief as the tribunal deems just and proper.

Respondent did not specifically request an relief in its Answer.

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 original(s) remain on file with the NASD Regulation, Inc. Office of Dispute Resolution.

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. Respondent Josphthal Lyon & Ross, Inc. shall be and hereby is liable for and shall pay to the Claimant Liang-Ju Lu the sum of \$7,292.48 (**seven thousand two hundred ninety two dollars and forty eight cents**) as compensatory damages. This sum is determined as follows:

\$1,875 arising from the unauthorized purchase of 1000 shares of stock in Play Co Toys. Commission and services charges in the amount of \$202.48. \$3875 arising

from the unauthorized purchase of 1000 shares of Remedy Corp (1st block). \$1,250 arising from the unauthorized purchase of 1000 shares of Remedy Corp (2nd block). Commission and service charges in the amount of \$90.

2. Each party shall bear its own costs, expenses and fees including 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 pre-hearing conference, if any. There was one (1) session x \$300 and two (2) sessions x \$400 = \$1,100 in forum fees. Pursuant to §10332(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 §10332(c) of the NASD Code of Arbitration Procedure, the NASD Regulation, Inc. Office of Dispute Resolution shall **retain** the non-refundable filing fee in the amount of \$100 and shall **retain** as forum fees the hearing session deposit in the amount of \$400 previously deposited with the NASD Regulation, Inc. Office of Dispute Resolution by the Claimant Liang-Ju Lu. Claimant Liang-Ju Lu shall be and hereby is liable for and shall pay to the NASD Regulation, Inc. Office of Dispute Resolution the additional sum of \$150 as forum fees. Respondent Jospethal Lyon & Ross, Inc. shall be and hereby is liable for and shall pay to the NASD Regulation, Inc. Office of Dispute Resolution the sum of \$550 as the balance due for forum fees.

Pursuant to §10333 of the NASD Code of Arbitration Procedure, the NASD Regulation, Inc. Office of Dispute Resolution shall **retain** the non-refundable member surcharge in the amount of \$200 paid to the NASD Regulation, Inc. Office of Dispute Resolution by Respondent. **Fees are payable to the NASD Regulation, Inc. Office of Dispute Resolution.**

Dated:

/s/ Charles A. Hoffman, Esq.
Charles A. Hoffman, Esq.
Public Arbitrator, Presiding Chair

February 14, 1997

/s/ Arthur H. Cobb
Arthur H. Cobb
Public Arbitrator

February 18, 1997

/s/ Bruce C. Huber
Bruce C. Huber
Industry Arbitrator

February 18, 1997