

**Award
NASD Regulation, Inc.**

In the Matter of the Arbitration Between:

Edward C. Wang Revocable Living Trust U/A DTD 7/15/94. Claimant vs. Charles Schwab & Co., Inc., Respondent.

Case Number: 99-00560

Hearing Site: San Francisco, California

REPRESENTATION OF PARTIES

Claimant, Edward C. Wang Revocable Living Trust U/A DTD 7/15/94, hereinafter referred to as "Claimant": Richard Sacks and James J. Sullivan, Esq., Novato, California

Respondent, Charles Schwab & Co., Inc., ("Schwab"), hereinafter referred to as "Respondent": Jane Mitchell Weston, Esq., Charles Schwab & Co., Inc., San Francisco, California

CASE INFORMATION

Statement of Claim filed on or about: February 3, 1999

Claimant's Statement of Answer to Respondent's Counterclaim filed on or about: April 30, 1999
Claimant, Edward C. Wang Revocable Living Trust U/A DTD 7/15/94, signed the Uniform Submission Agreement: January 7, 1999

Statement of Answer and Counterclaim filed by Respondent, Charles Schwab & Co., Inc. on or about: April 19, 1999

Respondent, Charles Schwab & Co., Inc., signed the Uniform Submission Agreement: April 21, 1999

CASE SUMMARY

Claimant alleged that the above-referenced dispute arises from Schwab's failure to adhere to accepted industry rules regarding the execution of orders and the handling of trade errors and disputes. Claimant further alleged violation of the NASD Rules of Fair Practice and alleged that Schwab failed to properly supervise its employees. Claimant further alleged that said violations have corresponding causes of action in law, which include, but are not limited to, breach of contract, negligence, and breach of fiduciary duty.

Respondent denied the allegations of wrongdoing contained in the Statement of Claim filed by Edward C. Wang, Trustee and asserted that Claimant's Claim seeks to distract from the basic facts of this case and attempts to allow Claimant to avoid the consequences of Claimant's own independent investment decision. Respondent alleged that using Schwab's Telebroker service, Mr. Wang placed an order with Schwab to purchase 5,000 shares of Broadcast Vision ("BVSN"). Mr. Wang now alleges various causes of action which relate to his purchase of those shares.

including a claim that Telebroker erred in recording the number of shares that he wanted in the trade: Mr. Wang, claims he asked to purchase 500 shares of BVSN. and instead, received 5,000 shares: Mr. Wang further alleges that Schwab failed to timely research the disputed transaction or to advise him to sell the stock in order to prevent market risk; and that Mr. Wang alleges that he sustained losses of \$80,000.00 as an alleged result of the purchase of the BVSN, and the subsequent liquidation of securities in his account to cover the resulting margin call. Respondent further alleged that contrary to Mr. Wang's allegations, it is clear that it was Mr. Wang and not Schwab who placed, reviewed and then confirmed the order for 5,000 shares before it was executed; and that Mr. Wang purposefully placed the order in his account, or at the very least, he negligently placed the order, which caused his own alleged damages. Respondent further alleged that Mr. Wang was given ample opportunity to sell 4,500 shares of BVSN on the same day he had placed the disputed trade: in each instance, Mr. Wang failed to take any action: in the end, Schwab told Mr. Wang that the trade belonged to him and that he would be responsible for any losses; and because of his failure to take action to mitigate his alleged losses, Schwab had no choice but to liquidate the positions in Mr. Wang's account, resulting in a debit of approximately \$22,691.02, which has since increased because of interest.

In its Counterclaim, Schwab alleged that Claimant has failed to remit payment for a debit balance in Claimant's account.

Claimant denied any liability to Respondent with respect to the Counterclaim.

RELIEF REQUESTED

Claimant requested an award equal to the amount of his actual principal loss of \$80,000.00 along with appropriate interest, and reimbursement for the reasonable costs and attorneys fees for bringing this action. Claimant further requested punitive and exemplary damages in an amount determined by the Panel pursuant to California Code of Civil Procedure, Section 3294 and Mastrobuono v. Shearson Lehman Hutton, Inc. 115 S. Ct. 1212 (1995).

Respondent requested dismissal of Claimant's claims. With respect to the Counterclaim, Schwab requested \$22,803.80 together with attorney's fees, costs and additional interest.

Claimant requested that Respondent's Counterclaim be dismissed.

OTHER ISSUES CONSIDERED AND 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.

AWARD

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

1. Regarding Claimant's claims, Respondent is liable to Claimant in the amount of \$24,750.00. Regarding Respondent's Counterclaim, Claimant is liable to Respondent in the amount of \$22,803.80, which leaves a net due to Claimant in the amount of \$1,946.20.
2. Claimant's claims for punitive and exemplary damages are denied
3. The parties shall each bear their respective costs including attorney's fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$150.00
Counterclaim filing fee	= \$500.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$1,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,500.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$600.00	= \$600.00
Pre-hearing conference: September 13, 1999 1 session	

One (1) Pre-hearing session with a single arbitrator \$300.00	= \$300.00
January 5, 2000 1 session	

Nine (9) Hearing sessions x \$600.00	= \$5,400.00
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Hearing Dates:	January 31, 2000	2 sessions
	February 1, 2000	2 sessions
	February 2, 2000	2 sessions
	March 6, 2000	2 sessions
	March 7, 2000	1 session

Total Forum Fees	= \$6,300.00
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1. The Panel has assessed the \$6,300.00 in forum fees to Respondent. Schwab

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

Respondent, Schwab, requested copies of audio transcripts. \$165.00

Fee Summary

1. Claimant, be and hereby is solely liable for:

Initial Filing Fee	= \$150.00
Member Fees	= \$0.00
<u>Administrative Costs</u>	= \$0.00
<u>Total Fees</u>	= \$150.00
<u>Less payments</u>	= \$650.00
Balance [Refund]	= \$500.00


2. Respondent, be and hereby is solely liable for:

Initial Filing Fee	= \$500.00
Member Fees	= \$3,100.00
Forum Fees	= \$6,300.00
<u>Administrative Costs</u>	= \$165.00
<u>Total Fees</u>	= \$10,065.00
<u>Less payments</u>	= \$4,365.00
Balance Due NASD Regulation, Inc.	= \$5,700.00

All balances are due to NASD Regulation, Inc. and are payable within 30 days of the service date of this Award.

NASD Regulation, Inc. Office of Dispute Resolution
Arbitration No. 99-00560
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Concurring Arbitrators' Signatures



John B. Reilly, Esq.
Public Arbitrator, Presiding Chair

3/29/00
Signature Date

Henry H. Hersch, Esq.
Public Arbitrator

Signature Date

Stanford G. Hirata
Industry Arbitrator

Signature Date

Date Served:
APR 20 2000

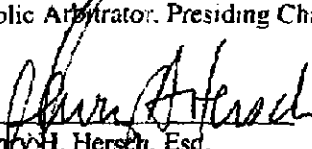
Date of Service (For NASD office use only)

File Stamp

APR 20 2000

Concurring Arbitrators' Signatures

John B. Reilley, Esq.
Public Arbitrator, Presiding Chair



Henry H. Hersch, Esq.
Public Arbitrator

Signature Date

4/06/00

Signature Date

Stanford G. Hirata
Industry Arbitrator

Date Served:

APR 20 2000

Date of Service (For NASD office use only)

Signature Date

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Public Arbitrator, Presiding Chair

Signature Date

Henry H. Hersch, Esq.
Public Arbitrator

Signature Date



Stanford G. Hirata
Industry Arbitrator

Date Served:

APR 20 2000



Signature Date

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