

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)	
Dr. Suryaprakash Patel and)	
Rasika S. Patel,)	
)	
Claimants)	Case #88-01103
)	
vs.)	Award
)	
Shearson Lehman/American Express, Inc.)	
and Henry Thomas,)	
)	
Respondents)	

CASE SUMMARY

Claimants allege that Henry Thomas, the registered representative with Shearson, the Respondent brokerage firm, made false representations to them that Shearson was a sponsor of the Hudson Bay Limited Partnership investment and caused them to invest \$100,000.00. Claimants further allege that Henry Thomas, the authorized agent of Shearson, converted their funds. Claimants also allege that Shearson failed to properly supervise Thomas. Claimants assert five causes of action and allege that Respondents violated Section 10(b) of the Securities Exchange Act and Rule 10 b-5, and committed fraud.

Respondent, Shearson, denies all allegations of wrongdoing and denies liability. Respondent, Shearson, further denies that it had any connection to the limited partnership. Shearson contends that Claimants should be precluded from asserting these claims based upon the fact that four years have passed since the purchase occurred. Shearson asserts a cross-claim against Thomas and alleges that if Thomas committed the acts alleged, he violated the firms policies and procedures.

RELIEF REQUESTED

Claimants request an award of \$100,000.00 in compensatory damages, punitive damages in the amount of \$850,000.00 or \$300,000.00 interests of \$46,183.56 at a rate of nine percent from September 21, 1984, to November 7,

1989. Respondent, Shearson, requests that the claims be dismissed in all respects and that costs and disbursements be assessed against the Claimants. Shearson also requests that if the panel finds that it is liable, that the panel find that Thomas should indemnify the firm.

AWARD

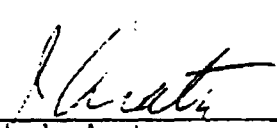
On November 7, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in a submission to arbitration signed by Claimants, Dr. Suryaprakash Patel and Rasika S. Patel, on March 9, 1988 and by Respondents, Shearson Lehman/American Express, Inc., on August 22, 1988. Respondent, Henry Thomas, did not execute a Submission Agreement. The hearing was conducted in New York City, New York and consisted of 2 sessions. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent, Henry Thomas, is hereby liable to the Claimants in the amount of One Hundred Thousand Dollars and Zero Cents (\$100,000.00), plus interest in the amount of Forty-Six Thousand, One Hundred and Eighty-Three Dollars and Fifty Six Cents (\$46,183.56) at a rate of nine (9) percent from September 21, 1984 through November 7, 1989.
2. All claims asserted by the Claimant against Respondent, Shearson Lehman/American Express, Inc., are dismissed.
3. Consequently, the cross-claim is denied.
4. The claim for punitive damages is denied.
5. The parties shall each bear their respective costs including attorneys' fees.
6. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$1,000.00 filing fee previously deposited by the Claimant and shall assess Shearson Lehman/American Express, Inc. \$1,000.00 in forum costs to be made payable to the NASD.

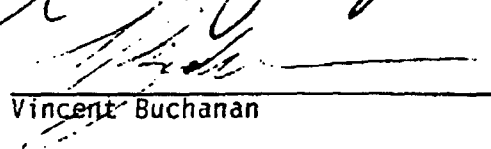
OTHER ISSUES

Based upon the evidence submitted in Arbitrator's Exhibit No. 1 regarding hearing notices to the parties, this arbitration panel finds that proper notice exists as well as jurisdiction pursuant to Section 12(a) of the Code of Arbitration Procedure (Code) over Respondent, Henry Thomas. In accordance with Section 29 of the Code, this arbitration panel proceeded with the hearing in his absence.

CONCURRING ARBITRATORS



Joseph J. Arata

Jerome Goodgal

Vincent Buchanan

Dated: December 4, 1989

STATE OF *New York* S.S.:
COUNTY OF *New York*

On this *15* day of *November*, 19*79*, before me personally appeared JOSEPH J. ARATA to me 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/~~she~~ executed the same.

Loretta De Lorenzo
N^o 4592517
LORETTA DELORENZO
Notary Public in the State of New York
Brockton, MASSACHUSETTS COUNTY
Commission Expires May 11, 1981

STATE OF S.S.:
COUNTY OF

On this *17th* day of *November*, 19*79*, before me personally appeared JEROME GOODGAL to me 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/she executed the same.

Nathan S. Friedman *Jerome Goodgal*

STATE OF *NY* S.S.:
COUNTY OF *NY*

On this *17th* day of *Nov*, 19*79*, before me personally appeared VINCENT BUCHANAN to me 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/she executed the same.

[Signature]