

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)	
David C. Black,)	
)	
Claimant)	Case #88-01569
)	
vs.)	Award
)	
Shearson Lehman Hutton, Inc.,)	
and Roger Reynolds,)	
)	
Respondents)	

CASE SUMMARY

Claimant, David C. Black, alleged that Respondent, Roger Reynolds, failed to follow his order to shift his account from equities into government-issued bonds when its value exceeded \$1.5 million and when its value decreased to \$1.2 million and both Roger Reynolds and E.F. Hutton & Co., Inc., now known as Shearson Lehman Hutton, Inc., had a fiduciary duty to act in Claimant's best interests and follow his instructions. In addition, Respondents made purchases and sales on behalf of the Claimant that were unauthorized by the Claimant, unsuitable considering his health and business problems, and excessive. Respondents maintain that Claimant was fully aware of the transactions that took place in his account and the risks inherent in trading in stocks and publicly traded securities. He never complained about the accounts until the market declined on what is commonly known as "Black Monday".

RELIEF REQUESTED

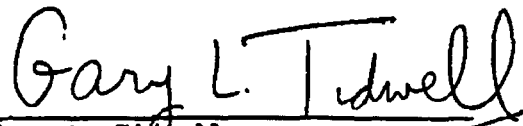
Claimant requested damages of at least \$952,773.42, plus costs and attorneys' fees. Respondents request a dismissal of the claim.

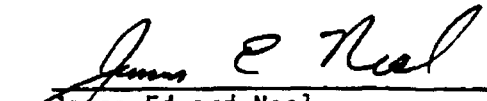
AWARD

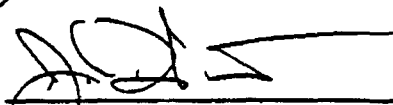
On August 9, August 10, 1989, November 9, November 10, November 11, 1989, December 28 and December 29, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in a submission to arbitration signed by Claimant on May 11, 1988, by Respondent, Shearson Lehman Hutton, Inc., on August 3, 1988 and by Respondent, Roger Reynolds, on July 16, 1988. The hearing was held in Charlotte, North Carolina and consisted of fourteen (14) 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. That all claims of the Claimant except the claim for failure to follow instructions are hereby dismissed.
2. That Respondents, Shearson Lehman Hutton, Inc. and Roger Reynolds, are jointly and severally liable to pay to the Claimant the sum of Three Hundred and Seven Thousand, Four Hundred and Forty Dollars and No Cents (\$307,440.00).
3. That Respondent, Roger Reynolds, shall pay to Claimant an additional sum of One Hundred Thousand Dollars and No Cents (\$100,000.00).
4. There was no evidence concerning attorneys' fees at the hearing, therefore, the parties shall each bear their respective costs, including attorneys' fees.
5. 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 that sum shall be assessed jointly and severally against the Respondents, Shearson Lehman Hutton, Inc. and Roger Reynolds, and made payable to the Claimant.
6. In Addition to the above, Shearson Lehman Hutton, Inc. and Roger Reynolds are jointly and severally assessed additional forum fees in the amount of \$13,000.00 payable to the NASD, Inc. in accordance with Section 43(c) of the Code of Arbitration Procedure.

CONCURRING ARBITRATORS


Gary L. Tidwell


James Edward Neal


John D. Porter

Dated: April 3rd, 1990