

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Theodore M. Kruger and
Maryl Balch Kruger

Claimants

vs.

Shearson, Lehman Hutton, Inc.
and Richard Singerman

Respondents

CASE NO. 88-01571

SUMMARY OF ISSUES

Claimants filed this claim with the NASD on May 16, 1988 and alleged breach of fiduciary duty, breach of contract, fraud, and negligence in connection with Claimants purchase of 12,000 shares of Fuji Electrocel Corporation. Specifically, Claimants alleged that Respondents solicited and induced Claimants to invest in Fuji and made material misrepresentations regarding the recommended investment; that the investment was not suitable; and that Respondents failed to advise Claimants of the drastic fall in the price of Fuji in a timely manner.

Respondents denied the allegations and maintained that Claimants purchased the Fuji stock on an unsolicited basis as evidenced by the affirmation of non-solicitation signed by Claimants, and that no alleged conduct, act, or omission on the part of Respondents was a substantial factor in bringing about the damages alleged.

DAMAGES AND RELIEF REQUESTED

Claimants requested damages in the amount of \$29,620.77, interest from May 1, 1987, punitive damages in the amount of \$250,000, and their costs.

Respondents requested dismissal of the claim.

DAMAGES AND RELIEF AWARDED

On September 21, 1989 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on May 9, 1988 and by Respondents on August 10, 1988. The hearing was held in Los Angeles, California and lasted two hearing 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. All claims are dismissed.

2. The parties shall each bear their respective costs including attorneys' fees.

3. Pursuant to Section 43 of the National Association of Securities Dealers, Inc. ("NASD") Code of Arbitration Procedure, the NASD shall retain the \$400.00 filing fee previously deposited by the Claimant.


OTHER ISSUES

This case was originally filed in the Municipal Court of the State of California, Los Angeles Judicial District; the parties entered into a stipulation filed with the court on May 10, 1988 staying all proceedings and referring the matter to binding arbitration before the NASD.

The parties stipulated to the execution service of this award in counterpart copies.

DATE SERVED: 10/17/89

ARBITRATORS CONCURRING



Lionel S. Heller

Michael L. Coffey

John B. Wells

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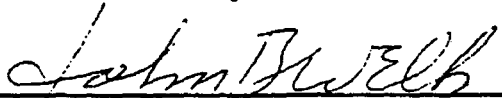
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