

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

KATHERINE B. BOND

Claimant(s)

Case No. 88-02210

and

SHEARSON LEHMAN HUTTON, INC. AND
BERTRAM RISEN

Respondent(s)

CASE SUMMARY

Katherine B. Bond ("Claimant") alleged that Bertram Risen, who was at the time of the acts complained of herein a registered representative of E.F. Hutton, Inc. (Bertram Risen and Shearson Lehman Hutton, Inc. are collectively referred to herein as "Respondents"), engaged in the following:

1. failed to disclose or misstated material facts regarding the Claimants account status and the nature and risks of actively trading funds;
2. churned the Claimants account; and
3. recommended unsuitable securities to the Claimant.

Claimant further alleged that the Respondents: (1) violated federal and state securities laws, the Michigan Consumer Protection Act, and the rules and regulations of the NYSE and NASD and (2) were grossly negligent and breached their fiduciary duty the Claimant.

Respondents denied all the claims of the Claimant.

RELIEF REQUESTED

Claimant requested actual damages in the amount of \$110,900, punitive damages in the amount of \$300,000, interest attorneys' fees, and costs. Respondents requested that the claims of the Claimant be dismissed.

AWARD

On July 11, 1988 the NASD received the claim of the Claimant. On June 27, June 28 and July 9, 1990 during a hearing lasting seven (7) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on July 1, 1988 by the Claimant Katherine B. Bond, on September 30, 1988 by Gary M. Saretsky on behalf of the Respondent Shearson Lehman Hutton, Inc., and on December 22, 1988 by Respondent Bertram Risen. The hearing was held in Southfield, Michigan.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents shall be liable for and shall pay to the Claimants Eight Thousand Dollars and No Cents (\$8,000.00); and

2. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$750.00 filing fee previously deposited with the NASD by the Claimant and the Claimant shall pay an additional \$1,875.00 to the NASD as forum fees. Respondent shall be jointly and severally liable for and shall pay to the NASD \$2,625.00 as forum fees.

By the Panel

Dated: July 24, 1990

/S/ Francis C. Flood
Presiding Chair

Dated: July 23, 1990

/S/ Ronald S. Longhofer

Dated: July 22, 1990

/S/ John R. Main

Date Served: July 30, 1990