

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of Arbitration Between

Patricia L. Schmidt

Claimant

vs.

Case #88-02250

AWARD

Shearson Lehman Hutton and Gilbert
Francis Hartman

Respondents

CASE SUMMARY

Claimant, Patricia L. Schmidt, alleged that Respondent registered representative, Gilbert Francis Hartman, fraudulently misrepresented to her the risks involved in the trading of options, puts and calls, and that such investment practices were unsuitable for her investment objectives and financial resources. Additionally, Claimant alleged that her account was churned, that she had no experience nor understanding of margin accounts and that the registered representative used his own discretion without the consent of the Claimant as to such investment practices. Respondents maintain that Patricia L. Schmidt was fully informed of the risks involved; that such investments were discussed in detail with her and were suitable; and that she was provided with a current copy of the E.F. Hutton Risk Disclosure Information.

RELIEF REQUESTED

Claimant, Patricia L. Schmidt requested damages of \$83,900.33 plus interest to date, attorneys' fees and the cost of these proceedings. Respondent requested dismissal of claim and that Respondents be awarded costs and attorneys' fees incurred in these proceedings.

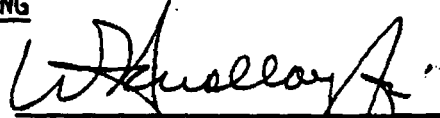
AWARD

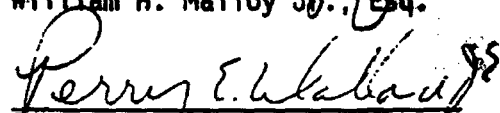
On June 8, 1989, June 23, 1989 and July 6, 1989 said dates representing six hearing sessions the undersigned arbitrators heard the controversy between the parties at the Baltimore Marriott Inner Harbor located in Baltimore, MD. as set forth in submissions to the arbitrators signed by the Claimant on June 20, 1988 and by the Respondent, Shearson Lehman Hutton, Inc. on September 23, 1988 and by Respondent, Gilbert Francis Hartman on October 31, 1988. The Statement of Claim was filed with the National Association of Securities Dealers, Inc. on July 14, 1988.

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

1. The Respondent, Shearson Lehman Hutton, Inc. be and hereby is liable and shall pay to the Claimant Patricia L. Schmidt the sum of Fifty Three Thousand Dollars and No Cents (\$53,000.00).
2. The Respondent, Gilbert Francis Hartman be and hereby is liable and shall pay to the Claimant Patricia L. Schmidt the sum of Five Thousand Dollars and No Cents (\$5,000.00).
3. The parties shall each bear their respective costs including attorneys' fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$500.00 filing fee previously deposited by the Claimant. In addition, the Claimant, Patricia L. Schmidt be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of One Thousand Dollars and No Cents (\$1,000.00) to represent forum fees and the Respondent, Shearson Lehman Hutton, Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of One Thousand Five Hundred Dollars and No Cents (\$1,500.00) to represent forum fees.

ARBITRATORS CONCURRING


William H. Malloy Jr., Esq.


Perry E. Wallace Jr., Esq.


James Rohrbacher

Dated: August 23rd, 1989