

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between	:
	:
RDL, Inc.	:
	:
Claimant	:
	:
vs.	:
	:
Smith Barney Harris Upham & Co., Inc.	:
Richard Chandler	:
	:
Respondents	:

Case Summary

This proceeding was commenced by Claimant RDL, Inc. against the Respondents Smith Barney, Harris, Upham & Co., Inc. and Richard Chandler arising from the recommendation by Chandler of an unsuitable investment in the Claimant's account. Claimant alleged that Chandler's selection of unsuitable investments and failure to disclose the risk involved in the purchase of preferred stocks constituted a breach of Respondents' fiduciary duty to RDL, Inc.

Claimant alleged that the above conduct violated Section 10(b) of the Securities and Exchange Act of 1933, as amended, breach of fiduciary duty under the common law of the State of Georgia, as well as a violation of Article III, Section 2 of the NASD Rules of Fair Practice. Claimant also claimed that Smith Barney is liable for the acts of Chandler as the controlling person and under the doctrine of Respondent Superior.

Respondent contended that the securities recommended were suitable for the Claimant's account, and that the Claimant understood and accepted the risks and rewards of the investment strategy. Respondents denied the allegations of the Claimant.

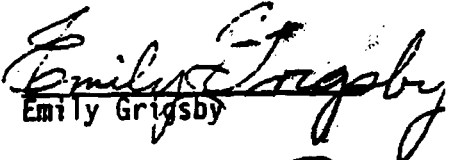
Relief Requested

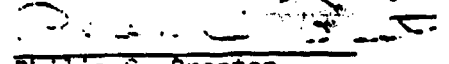
Claimant request the amount of \$14,901.78 including interest and attorney fees. Respondents request that the claim be dismissed and that the costs be assessed against Claimant.

Award

On August 25, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Robert Lovett on behalf of RDL, Inc. on August 5, 1988 and by Respondent Ronald V. Fizzarotti on behalf of Smith Barney, Harris, Upham & Co., Inc. on October 21, 1988 and by Respondent Richard C. Chandler on September 21, 1989. The initial claim was filed on October 21, 1988. 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. The Respondent Smith Barney, Harris, Upham & Co., Inc. and Richard Chandler shall be jointly and severally liable and shall pay the Claimant RDL, Inc. the sum of \$ 8,300.00
2. The parties shall each bear their respective costs including attorney fees.
3. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$300.00 filing fee previously deposited by the Claimant.


Emily Grigsby


Philip C. Preston


F. Lex Jolley, Jr.