

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Margaret Madden

Claimant

vs.

Shearson Lehman Brothers, Inc.

Respondent(s)

CASE #88-02665

CASE SUMMARY

The claim in this matter was filed August 22, 1988.

Claimant alleged that Respondent sold the following shares of stock without authorization: 726 shares of Nissan Motors, 200 shares of National Semiconductor, 500 shares of Navistar, and 300 shares of Wickes Co.

Respondent denied any wrongdoing in connection with the account of Claimant. Respondent alleged that Claimant requested Respondent to cash her out of her stock and send her a check and later reaffirmed her desire to sell out of her positions. Respondent alleged that Respondent promptly sold Respondent's stock so as to protect Respondent from liability in the event that Claimant's stock fell in value after she placed her sell order. Respondent further alleged that 1) Claimant failed to mitigate her damages, 2) Claimant is guilty of unclean hands; 3) Respondent maintained an adequate and reasonable system of supervision and control over its employees and that Respondent at all times acted in good faith and did not at any time induce any act on acts constituting a cause of action; 4) that Claimant failed to use the requisite due diligence in monitoring, trading, managing, and handling her own account; and 5) that Claimant, by her conduct, has waived any and all rights that she may have against Respondent.

RELIEF REQUESTED

Claimant requested the return of the stock that was sold by Respondent, plus punitive damages. Claimant alleged that she has been damaged in excess of \$5,000 plus interest, loss of appreciation on stocks, and attorney's fees. Respondent asked that Claimant take nothing by her statement of claim and that Respondent be awarded its costs and attorneys' fees, and any further relief as deemed just and proper.

AWARD

On June 15, 1989 the arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on August 10, 1988 and by Respondent(s) on September 28, 1988. The hearing was held in Los Angeles, California and consisted of one hearing session. 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. Respondent is directed to purchase seven hundred twenty six (726) shares of Nissan Motors, two hundred (200) shares of National Semiconductor, and five hundred (500) shares of Navistar, in the name of Claimant, and to deliver stock certificates for all of the above shares to Claimant.

2. Respondent is liable for and shall pay to Claimant the sum of Four Thousand One Hundred Ninety One Dollars and Eighty Five Cents (\$4,191.85), inclusive of interest.

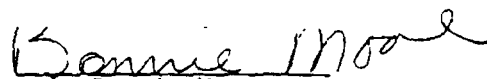
3. Claimant is liable for and shall pay to Respondent the sum of Twenty Thousand Three Hundred Thirty Nine Dollars and Eighteen Cents (\$20,339.18), inclusive of interest.

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

5. Pursuant to Section 43 of the National Association of Securities Dealers, Inc. (NASD) Code of Arbitration Procedure, the NASD shall retain the \$25.00 filing fee previously deposited by the Claimant.

PRESIDING ARBITRATORS

DATE SERVED: 08/01/89

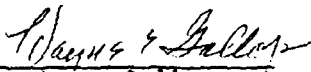

Bonnie Moore

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:

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Wayne Gallop

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