

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

John Varnas and Helen Varnas, Claimants

vs.

Shearson Lehman Hutton, Inc.,
Charles Cooper and Stephen Jackson, Respondents

CASE NO. 88-02870

AWARD

SUMMARY OF ISSUES

This claim was filed on September 13, 1988.

Claimants alleged that they invested \$100,000 in a Hutton Investment Series (HIS) Government Securities mutual fund on the representation by Respondent Cooper that they could not lose principal and there was no commission charge. The fund was described as a no-risk investment. Claimant John Varnas alleges that he was not advised the value of the investment would fluctuate with the rise and fall of interest rates and that he could lose principal. Mr. Varnas alleges he later learned the fluctuating price and redemption fee of approximately \$3,500.00 (by Respondent Jackson, his broker in Portland). The claims are based on Rule 10b(5) of the Securities Exchange Act of 1934 for failure to state material facts and on negligence under Ohio law.

Respondents denied all claims and alleged that Claimants were fully advised about how the fund operated, the fees and commissions to be charged, how the funds would be paid out and that the value of the fund would fluctuate (as also evidenced by the prospectus sent to Claimants).

DAMAGES AND RELIEF REQUESTED

Claimants request the following relief:

1. Compensatory damages of \$15,224.60 for loss of value of the HIS fund;
2. Interest on the compensatory damages; and
3. Damages for mental and emotional distress.

DAMAGES AND RELIEF AWARDED

On May 19, 1989 in Portland, Oregon, the undersigned arbitrators heard the controversy between the parties in two sessions as set forth in

submissions to arbitration signed by Claimants September 14, 1988 and by Respondents Shearson Lehman Hutton, Inc. on December 14, 1988, Charles Cooper on May 8, 1989 and Stephen Jackson on April 6, 1989. 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. Respondents Charles Cooper and Shearson Lehman Hutton, Inc. only, are jointly and severally liable for and shall pay to Claimants the sum of Eleven Thousand, Three Hundred Seventy-Five Dollars and Zero Cents (\$11,375.00) for their claim of negligence.

2. Each and every claim against Respondent Stephen Jackson is dismissed.

3. The claim for interest against all Respondents is dismissed.

4. The claim for emotional distress against all Respondents is dismissed.

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

6. 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

Not applicable.

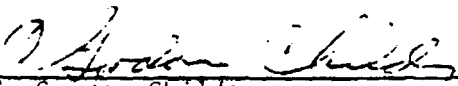
CONCURRING ARBITRATORS

DATE SERVED: 07/19/89

Gary Lekas

Edward Brunet

DISSENTING ARBITRATORS



C. Gordon Childs