

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between :  
: Marlin Dillman, Jr. : AWARD  
: Claimant : #88-03295  
vs. :  
: Shearson Lehman Brothers, Inc. (n.k.a. :  
: Shearson Lehman Hutton, Inc.) :  
: Gary Rosenthal :  
: Respondents :  
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Case Summary

Claimant Marlin Dillman, Jr. (hereinafter "Claimant") alleged that his stockbroker Respondent Gary Rosenthal (hereinafter "Rosenthal") made misrepresentation and guarantees to the Claimant which allegedly caused Claimant to purchase 1000 shares of common stock in Integrated Resources and 1000 shares of Cannon Group stock. Claimant alleged that Respondent Rosenthal had guaranteed that these stocks would appreciate in value. Claimant alleged that Respondent Rosenthal failed to comply with the "Know Your Customer Rules" and placed Claimant in unsuitable investments. Claimant further alleged that Claimant and Rosenthal had agreed to limit Claimant losses on the stocks that he had purchased to 10%. Claimant alleged that Respondent Rosenthal failed to liquidate or recommend liquidating the Cannon or Integrated Resources stock although the value had fallen below the 10% stop loss.

Claimant alleged that Respondent Shearson Lehman Brothers, Inc. (hereinafter "Shearson") and Rosenthal mishandled Claimant's account. Claimant further alleged that Shearson is liable to Claimant on a respondeat superior basis.

Respondents categorically deny all allegations of wrongdoing or liability set forth in the Claimant's claim. Rosenthal specifically maintained that he never guaranteed that either Cannon or Integrated Resources would rise in value or that they would reach a value or that they would reach a specific price within a specified time period. Rosenthal specifically maintained that Claimant never executed a stop loss order nor instructed Rosenthal to sell securities in his account in the event that the stock decreased in value below a specified level.

Relief Requested

Claimant request compensatory damages in the amount of \$30,279.44 plus interest, punitive damages and treble damages pursuant to Racketeer Influenced Corrupt Organizations Act of 1970, 18 U.S. C. Sections 1961 - 1968, attorney's fees and cost incurred in connection with this arbitration.

Respondents request that Claimant's claim be denied and that the costs of this proceeding be assessed against the Claimant.

Award

On November 7, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Marlin Dillman, Jr. on September 30, 1988. Respondents Shearson Lehman Brothers, Inc. and Gary Rosenthal did not execute a Submission Agreement, however, they were represented by counsel and did submit an Answer. Pursuant to Section 12(a) of the Code of Arbitration Procedure, the arbitration panel exercised its jurisdiction over the Respondents. The initial claim was filed on October 24, 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. That Claimant's claim is dismissed in its entirety.
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 \$500.00 filing fee previously deposited by the Claimant.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, Respondent Shearson Lehman Brothers, Inc. shall be assessed forum fees in the amount of \$1,000.00.

CONCURRING ARBITRATORS

/s/  
Guillermo L. Bosch

/s/  
Donald L. Bruton

/s/  
Edward T. Borer