

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Bette Hartog

Claimant

vs.

Shearson Lehman Hutton, Inc.
and Colleen Knerr

Respondents

CASE NO. 88-03462

SUMMARY OF ISSUES

Claimant filed this claim with the NASD on November 7, 1988 and alleged that the recommended investments including two limited partnerships, a real estate syndication, high yielding utility stocks, mutual funds and investment trusts, were unsuitable to her investment objectives. Claimant further alleged that Respondents misrepresented the risks and terms of the investments recommended.

Respondents denied the allegations and maintained that the recommended investments were suitable to Claimant's objective of income-producing investments. Respondents further maintained that each recommended investment was fully explained and discussed with Claimant and that Claimant authorized each purchase.

DAMAGES AND RELIEF REQUESTED

Claimant requested damages in the amount of \$15,658.48 for losses incurred on stock investments, \$15,803.00 for losses incurred on mutual fund investments, and \$30,000.00 as the amount invested in the two limited partnerships. Claimant further requested \$20,000 for emotional and physical distress; punitive damages of \$75,000.00 and reasonable attorneys' fees and costs.

Respondents requested dismissal of the claim.

DAMAGES AND RELIEF AWARDED

On October 19, 1989 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on September 30, 1988 and by Respondent Shearson Lehman Hutton, Inc. on January 30, 1989 and Colleen Knerr on December 28, 1988. The hearing was held in Los Angeles, California and lasted two (2) sessions. The panel 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 are hereby jointly and severally liable for and shall pay to Claimant the sum of Twelve Thousand, Four Hundred Seventy-Five Dollars and Zero Cents (\$12,475.00) based upon the finding that the limited partnership and high yielding utility stocks were not suitable, calculated as follows:

a. The sum of \$4,733.00 representing the loss on the utility stocks; and

b. The sum of \$7,742.00 representing the loss of income during the period of time Claimant held the limited partnership interests.

2. Respondent Shearson Lehman Hutton, Inc. shall pay to Claimant the sum of Thirty Thousand Dollars and Zero Cents (\$30,000.00) which was the purchase price of the Conam and the Insured Limited Partnership interests and Claimant is directed to assign and transfer to Respondent her interest in these investments.

3. The claims for punitive damages and damages for emotional and physical distress are denied.

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:

a. The NASD shall retain the \$750.00 filing fee previously deposited by the Claimant; and

b. Respondents are jointly and severally assessed the sum of \$750.00 representing forum fees and shall pay this to the NASD directly.

OTHER ISSUES

The parties stipulated to the execution and service of the award in counterpart copies.

DATE SERVED: 12/06/89

Dale R. Hurd
Dale R. Hurd

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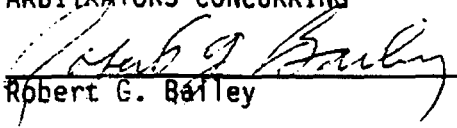
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ARBITRATORS CONCURRING

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Robert G. Bailey

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