

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Sophia Hauserman

Claimant

vs.

Shearson Lehman Hutton, Inc.

John Watson

Respondents

CASE #88-03517  
AWARD

CASE SUMMARY

Claimant Sophia Hauserman (hereinafter "Claimant") alleged that Respondent John Watson (hereinafter "Watson") placed her account into unsuitable investments, that Watson churned Claimant's account, that Respondent Shearson Lehman Hutton, Inc. (hereinafter "Shearson") and Watson were negligent in their supervision of Claimant's account.

Respondents Shearson and Watson categorically denied the allegations in Claimant's claim for the debit balance that they alleged remains in Claimant's account.

RELIEF REQUESTED

Claimant requests compensatory damages in the amount of \$62,752.00, interest in the amount of \$25,174.00, punitive damages in the amount of \$50,000.00 and costs of these proceedings including attorney's fees.

Respondents request damages on there counterclaim in the amount of \$12,274.84, plus interest from October 1987 together with the costs incurred in this matter.

AWARD

On August 2 and 31 and October 10, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Sophia Hauserman on October 25, 1988. Respondent Shearson Lehman Hutton, Inc. and John Watson did not execute a submission agreement, however, they did submit an answer and were represented by counsel at the hearings. Pursuant to Section 12(a) of the Code of Arbitration Procedure, the arbitrator exercised jurisdiction over the Respondents. The initial Claim was filed on October 27, 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 That claim of Benjamin Hauserman was voluntarily withdrawn.

DATED: October 10, 1989

2. The panel finds in favor of Claimant and against Respondents Shearson and Watson, jointly and severally, and that Respondents shall pay to the Claimant the sum of Seventy Four Thousand Eight Hundred One Dollars and Fifty Seven Cents (\$74,801.57), compensatory damages no later than November 15, 1989.
3. Claimant's request for punitive damages is denied.
4. The panel further finds that Respondents' counterclaim is denied.
5. That Respondents Shearson and Watson are jointly and severally liable to the Claimant for her costs in these proceedings and shall pay to the Claimant the sum of One Thousand Two Hundred Fifty Dollars and Ninety One Cents (\$1,250.91) and that the Respondents shall bear their own costs.
6. Pursuant to Section 43 of the Code of Arbitration Procedure, the August 2, 1989 single hearing session, the August 31, 1989 single hearing session, and for the October 10, 1989 double hearing session are assessed jointly and severally against the Respondents such that the amount due from the Respondents as forum fees is \$2000.00. Forum fees shall be paid to the National Association of Securities Dealers, Inc.
7. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund the \$500.00 filing fee previously deposited by the Claimant.

ARBITRATORS CONCURRING

/s/ \_\_\_\_\_  
Robert C. Devlin

/s/ \_\_\_\_\_  
Jonathan I. Klein

/s/ \_\_\_\_\_  
Charles H. Joseph, Jr.