

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	:	
Martin H. Novitsky	:	
	:	
Claimant	:	Case #88-03610
vs.	:	AWARD
	:	
Shearson Lehman Brothers, Inc. and	:	
Frank E. Bruno	:	
	:	
Respondents	:	

CASE SUMMARY

This proceeding was commenced initially on November 21, 1988 by Claimant Martin H. Novitsky ("Novitsky") against Shearson Lehman Brothers, Inc. ("Shearson") and Frank E. Bruno ("Bruno") and arises out of an account held by Claimant from April, 1986, through October, 1988. Claimant asserts that Respondents are liable for certain losses incurred in the account. Claimant alleges a mental condition, that Bruno exerted undue influence over Claimant and breached his fiduciary duty to Claimant by recommending the purchase and sale of unsuitable securities and investments including the purchase of securities on margin, by engaging in excessive and unsuitable trading in highly risky and speculative investments and by churning the account for the purpose of generating commissions and excessive mark-ups.

Page 2.

88-03610

Claimant asserts claims for fraud, negligence, breach of contract and breach of fiduciary duty, as well as alleges violations of the National Association of Securities Dealers, Inc. and New York Stock Exchange rules. Claimant further asserts that Shearson breached its duty of supervision.

Respondents deny any breach and liability owed to the Claimant with respect to the account. Respondents contend that Novitsky understood investment matters and was aware of the risks inherent in stock and margin trading. In addition, Respondents assert that Novitsky was involved in the trading decisions concerning the account and directed and authorized each purchase and sale transaction, and that Bruno did not control his account.

RELIEF REQUESTED

Claimant requests damages sustained in an amount of \$188,521.81 including commissions in the amount of \$48,727.86 and including interest and potential profit of \$31,421.54, and such other damages as may be determined by the arbitrators, attorney's fees incurred in connection with this arbitration, and costs and disbursements of this proceeding.

Respondents request a dismissal of all claims in their entirety, and that the Respondents be awarded their costs including attorney's fees.

AWARD


On July 21, July 31, September 7, September 21 and November 9, 1989, said dates representing fourteen (14) hearing sessions in New York, New York the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the parties hereto. 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:

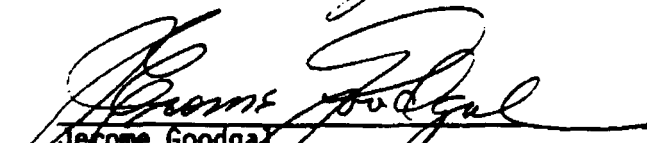
1. The Respondent Shearson shall be liable and shall pay to the Claimant Novitsky the sum of Thirty Thousand Three Hundred Seventy One Dollars and Ninety Three Cents (\$30,371.93), without interest.
2. The parties shall each bear their respective costs including attorney's fees.
3. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimant. In addition, the Claimant shall be assessed \$3,750.00 and the Respondent shall be assessed \$3,000.00 as forum fees for ten (10) of the fourteen (14) hearing sessions conducted in this matter.

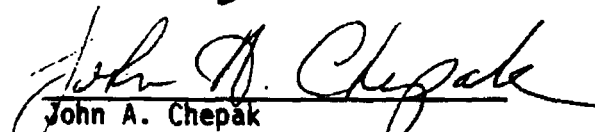
Page 4.

88-03610

ARBITRATORS


Edward M. Sillis


Jerome Goodgar


John A. Chapak

DATED: November 27th, 1989