

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Philip L. Wright, Individually Claimant
and as Surviving Joint Tenant
of Margaret H. Wright

vs.

Shearson Lehman Brothers Respondents
and Alan Saretsky

AWARD

CASE NO. 88-03798

SUMMARY OF ISSUES

This case was filed on December 12, 1988. Claimant alleged that Respondents breached their duty of due diligence to learn the essential facts about Mr. & Mrs. Wright; that Respondent Alan Saretsky's ("Saretsky") actions violated the Investor Advisor's Act of 1940 by actions including purchasing stock without authorization and misrepresenting the status of shares purchased by Claimant; that Respondents violated Section 10(b) of the Securities Exchange Act of 1934 and Montana Code Annotated Section 30-10-301 by actions including failing to disclose available information regarding stock; and that Saretsky violated the Rules of Fair Practice of the National Association of Securities Dealers, Inc. ("NASD") by making unauthorized stock purchases, purchasing more stock than authorized, purchasing stock on margin without informing Claimant, misrepresenting investments, and generally abusing his discretion and mishandling the Wrights' investments.

Respondents alleged that each transaction complained of was discussed by Claimant and Saretsky, that none of the transactions complained of were unauthorized, that Mr. Wright is an intelligent and knowledgeable investor who was suitable for the transactions he made, that Claimant did not have a margin account at Shearson Lehman Hutton, Inc. ("Shearson") with Mr. Saretsky, and that Claimant must bear the consequences of his own investment decisions.

DAMAGES AND RELIEF REQUESTED

Claimant requested \$3,725.00 plus 10% interest from October 5, 1987 through the date of payment as full reimbursement of Claimant's realized losses and improperly charged commissions, rescission of the Cato Corporation stock and refund of the \$40,000.00 purchase price with 10% interest from September 3, 1987 to the date of payment. Claimant also requested reimbursement for all attorneys' fees and costs incurred as a result of this arbitration. Respondents asked that all claims against them be dismissed.

DAMAGES AND RELIEF AWARDED

On January 22, 1990, in Portland, Oregon, the undersigned arbitrators heard the controversy in two sessions between the parties as set forth in submissions to arbitration signed by Claimant on December 5, 1988 and by Respondent Shearson Lehman Hutton, Inc. on April 25, 1989. Respondent Alan Saretsky appeared at the hearing and submitted to arbitration. 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 Shearson and Saretsky are jointly and severally liable for and shall pay to Claimant the sum of Fifty Thousand, Three Hundred Ninety-Eight Dollars and No Cents (\$50,398.00), inclusive of interest.

2. Respondent Shearson is solely liable for and shall pay to Claimant the sum of Three Thousand, Eight Hundred Fifty-Three Dollars and No Cents (\$3,853.00), inclusive of interest.

3. Claimant is directed to return to Shearson Lehman Hutton, Inc. four thousand shares of Cato Corporation stock.

4. Pursuant to Montana Code Annotated Section 30-10-307(1), Respondents are jointly and severally liable for and shall pay to Claimant attorneys' fees in the sum of Nine Thousand, Nine Hundred Sixty-Seven Dollars and No Cents (\$9,967.00) with respect to attorneys' fees incurred on the claims pertaining to the ACM Government Fund, Inc. and Cato transactions. The request for attorneys' fees incurred in connection with the claim relating to Oceaneering International is denied.

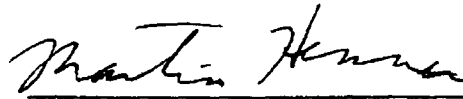
5. In accordance with Section 43 of the NASD Code of Arbitration Procedure:

- a) the NASD shall retain the \$500.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrators; and
- b) Respondent Shearson Lehman Hutton, Inc. is assessed forum fees in the amount of \$500.00, to be paid directly to the National Association of Securities Dealers, Inc.

PRESIDING ARBITRATORS

DATE SERVED: 04/17/90

Kim Trowbridge Buckley


Martin Henner

Bryan K. Devendorf