

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)

JOSEPH A. VEROLA,)

Claimant,)

vs.)

Case #89-00642

Award

SHEARSON LEHMAN HUTTON, INC. and)
ABRAHAM L. LERNER,)

Respondents.)

Heard before the members of the Arbitration Panel:

Joseph L. Caruncho, Esq.
Harry Polansky
Leslie Bishop

CASE SUMMARY

This claim was filed with the NASD, Inc. on March 1, 1989. The hearing was conducted in Fort Lauderdale, Florida on March 14 and 15, 1990 with a total of four sessions.

Claimant, Joseph A. Verola ("Verola"), alleged that Respondents, Shearson Lehman Hutton, Inc. ("Shearson") and Abraham L. Lerner ("Lerner"): made misrepresentations of fact regarding equity stock in Greenwich Pharmaceutical and the risks involved in that investment; failed to explain the risks of a margin account; alleged that Lerner was unethical in managing Claimant's account; used excessive pressure; inordinate trading; disregarded Claimant's investment objectives; and that Claimant was unsuitable for all the investments in the account.

Respondents denied all allegations of wrongdoing; denied any liability to Verola; and alleged that Claimant sought speculative investments; invested in commodities and high risk securities; understood and used margin since 1983; is a sophisticated aggressive investor; and authorized all the trades in his account.

RELIEF REQUESTED

Claimant requested damages in the amount of \$30,000.00 plus interest. Respondents requested dismissal, costs and attorney's fees.

AWARD

On March 14 and 15, 1990, the arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on April 4, 1989, and by Respondent Lerner on May 18, 1989 and by Respondent Shearson on May 12, 1989. 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 parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD, Inc.
2. Respondent, Shearson, shall not be liable to the Claimant and, therefore, all claims against it are hereby dismissed.
3. Respondent, Lerner, is hereby liable and shall pay to Claimant the amount of Seven Thousand Nine Hundred Fifty Eight and 50/100 (\$7,958.50) Dollars inclusive of interest at the legal rate of 12% per annum.
4. Respondents' request for attorney's fees is hereby denied.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, Respondent Shearson is hereby assessed forum fees in the amount of Sixteen Hundred and 00/100 (\$1,600.00) Dollars (\$400.00 x four sessions), of which Four Hundred and 00/100 (\$400.00) Dollars shall be paid directly to the Claimant and Twelve Hundred and 00/100 (\$1,200.00) Dollars shall be paid to the National Association of Securities Dealers, Inc. The NASD, Inc. shall retain the Four Hundred and 00/100 (\$400.00) Dollar filing fee previously deposited by the Claimant.
6. The NASD shall refund (credit) the One Hundred and 00/100 (\$100.00) Dollar postponement fee deposited by Respondents for the adjournment request of March 15, 1990, which was denied.
7. The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding.

OTHER ISSUES

None

ARBITRATORS CONCURRING

Joseph L. Caruncho Esq., Harry Polansky and Leslie Bishop.

Received this 23rd day of March 1990.