

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant(s)

Joseph N. Zenga

89-00886

Name of Respondent(s)

Shearson Lehman Brothers, Inc.  
Robin J. Russo

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Heard before:

Name

Public/Industry

Cornelius J. McAuliffe, Esq.  
William P. Hurley  
Stephen Cesso, Esq.

Public Arbitrator  
Public Arbitrator  
Industry Arbitrator

CASE SUMMARY

This matter was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on March 22, 1989. Claimant Joseph N. Zenga alleged that Respondents Shearson Lehman Brothers, Inc. and Robin J. Russo purchased and sold securities for Claimant's account that were unsuitable, engaged in excessive trading in the account, and mismanaged the account creating losses to the Claimant. Respondents denied that the trading strategy applied to the Claimant's account was unsuitable or inappropriate and asserted that many trades in the account were made on an unsolicited basis. Respondents further asserted a counterclaim for a debit balance in the Claimant's account based upon a margin call in the account on October 19, 1987.

RELIEF REQUESTED

Claimant requested damages of \$276,242.50 plus interest and costs. Respondents requested damages on their counterclaim of \$78,470.72 plus interest and attorneys' fees.

AWARD

On October 23, 1990, November 26, 1990 and February 14, 1991 in Boston

Massachusetts during a hearing lasting six sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Joseph N. Zenga on February 8, 1989, by Respondent Shearson Lehman Brothers, Inc. on June 6, 1989, and not signed by Respondent Robin J. Russo as required by Sections 12 and 25 of the Code of Arbitration Procedure despite due notice being given. After considering the pleadings, the testimony, and the evidence presented at the hearing, the arbitrator(s) have decided in full and final resolution of all 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 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.

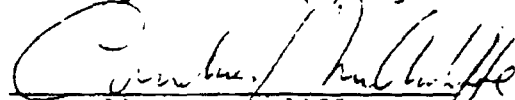
(2) The claims of the Claimant Joseph N. Zenga against the Respondents Shearson Lehman Brothers, Inc. and Robin J. Russo be and hereby are dismissed in their entirety.

(3) Claimant Joseph N. Zenga is liable and shall pay to the Respondent Shearson Lehman Brothers, Inc. the sum of Seventy Eight Thousand Four Hundred Seventy Dollars and Seventy Two Cents (\$78,470.72). No interest in awarded.

(4) The parties shall each bear their respective costs, including attorneys' fees.

(5) Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimant. Respondent Shearson Lehman Brothers, Inc. is hereby assessed \$3,000.00 in forum fees made payable to the NASD, Inc. as costs of the six hearing sessions conducted in this matter.

Concurring Arbitrator(s) Signature

  
Cornelius J. McAuliffe, Esq.

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William P. Hurley

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Stephen Cesso, Esq.

Date of Decision: 3/19/91

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