

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Sue Audeh

Claimant

vs.

Shearson Lehman Hutton, Inc.

Respondent

AWARD

CASE NO. 89-00920

SUMMARY OF ISSUES

Claimant alleged that Respondent breached its fiduciary duty to her through the actions of the non-party broker, that her account was churned with the intent to defraud her, that her funds were placed in speculative investments, particularly the common stock of Equatorial Communications, which were unsuitable for her financial status and objectives, and that misrepresentations were made to her regarding the financial propriety of the investments made in her account.

Respondent denied all allegations, and asserted that Claimant was in control of her account at all times, was fully informed of all trading recommendations and consented to all trades, and that Claimant's financial objectives were speculative, not conservative.

DAMAGES AND RELIEF REQUESTED

Claimant requested damages of \$30,937.00, costs, attorneys' fees and punitive damages of three times the compensatory damages.

Respondent requested dismissal of all claims.

DAMAGES AND RELIEF AWARDED

This claim was filed with the National Association of Securities Dealers, Inc. ("NASD") on March 27, 1989. On March 27 and 28 and April 25, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on March 20, 1989, and by Respondent on June 1, 1989. The hearing was held in Los Angeles, California and lasted six sessions. 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. All claims brought by Claimant are dismissed.
2. The claim for punitive damages is dismissed.

3. The parties shall each bear their respective costs including attorneys' fees.

4. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$400.00 filing fee previously deposited by the Claimant as an assessment of forum fees.

PRESIDING ARBITRATORS

DATE SERVED: 06/08/90

Mary E. Cobb
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