

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between)

Name of Claimant(s))

Broker-Centro, Ltd.)
Broker-Centro, U.S.A., Inc.)
Consulting Centro, Ltd.)
Invest-Centro, Ltd.)

Case No. 89-01112
Case No. 89-01113
Case No. 89-01114
Case No. 89-01115

Name of Respondent(s))

Shearson Lehman Hutton, Inc.)
Orlando Murillo)
Alejandro Lacayo)

Heard before the members of the Arbitration Panel:

Steven Ainbinder, Esq.
Craig Edward Stein, Esq.
Leslie Bishop

CASE SUMMARY

This claim was filed with the NASD, Inc. on April 13, 1989. The hearing was conducted via conference call on April 26, July 6, July 11 and July 16, 1990; in Fort Lauderdale, Florida on July 30 and July 31, 1990; and, in Miami, Florida on September 7 and September 8, 1990, with a total of thirteen (13) sessions.

Claimants, Broker-Centro, Ltd. ("BCL"); Broker-Centro, U.S.A., Inc. ("BCUSA"); Consulting Centro, Ltd. ("OCL"); and, Invest-Centro, Ltd. ("ICL"), alleged that Respondents, Shearson Lehman Hutton, Inc. ("Shearson"); Orlando Murillo ("Murillo"); and, Alejandro Lacayo ("Lacayo"), solicited the investment business of Claimants; that Claimants' representative, Alvaro Satrustegui ("Satrustegui"), was inexperienced and unsophisticated in the United States securities markets and investment instruments; that Satrustegui insisted that the investment objectives of all Claimants were non-speculative, high quality, high liquidity and complete security of principal; that Respondents placed Claimants in unsuitable investments in "junk bonds"; made misrepresentations of material facts; that Respondents' actions constituted breach of fiduciary duty and negligence and violated Section 12(2) of the 1933 Securities Act; Section 10(b) and Rule 10b-5 of the 1934 Exchange Act; and, Sections 517.301 and 517.211, Florida Statutes.

Respondents denied all allegations of wrongdoing and alleged that all trades were suitable and all orders were placed by Satrustegui; and alleged the affirmative defenses of failure to state a claim; bar by waiver and

estoppel; laches; ratification and affirmance or acquiescence in conduct alleged; compliance with all applicable rules and regulations; and, good faith.

RELIEF REQUESTED

Claimants requested damages in the amount of \$525,400.00 inclusive of interest, punitive damages, RICO damages, costs and attorney's fees.

Respondents requested dismissal, attorney's fees and costs.

AWARD

On April 26, July 6, July 11, July 16, July 30, July 31, September 7 and September 8, 1990, the arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants, BCL on March 27, 1989; by BCUSA, OCL and ICL on March 17, 1989; and by Respondents, Shearson on June 13, 1989; Murillo on August 28, 1989; and, Lacayo on August 24, 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. Respondents, Shearson, Murillo and Lacayo, are found liable, jointly and severally, and shall pay to the Claimants the amount of Three Hundred Ninety Two Thousand One Hundred Fifty Eight and 00/100 (\$392,158.00) Dollars apportioned to the Claimants as follows:

- a. Sixty Eight Thousand Seven Hundred Seventy Four and 00/100 (\$68,774.00) Dollars to BCL;
- b. Ten Thousand Two Hundred Thirty and 00/100 (\$10,230.00) Dollars to BCUSA;
- c. Ninety One Thousand Eight Hundred Thirty Three and 00/100 (\$91,833.00) Dollars to OCL; and,
- d. Two Hundred Twenty One Thousand Three Hundred Twenty One and 00/100 (\$221,321.00) Dollars to ICL.

3. Respondents are further liable, jointly and severally, and shall pay to the Claimants interest at the legal rate accruing from the date of this Award.

4. Respondents are further liable, jointly and severally, and shall pay to the Claimants costs in the amount of Seventeen Thousand Five Hundred Twenty Two and 00/100 (\$17,522.00) Dollars.

5. Claimants' requests for punitive damages and RICO damages are denied.

6. Respondents' requests for attorneys' fees and costs are denied.

7. Respondents are liable, jointly and severally, and shall pay to the Claimants the further amount of Seventy Four Thousand Six Hundred and 09/100 (\$74,600.89) Dollars for attorney's fees pursuant to Section 517.211, Florida Statutes.

8. Pursuant to Section 43 of the Code of Arbitration Procedure, Respondents are hereby assessed forum fees, jointly and severally, in the amount of Ten Thousand Two Hundred and 00/100 (\$10,200.00) Dollars (four sessions with one arbitrator x \$300.00, and nine sessions with three arbitrators x \$1,000.00).

Of that amount, Respondents shall pay Three Thousand and 00/100 (\$3,000.00) Dollars directly to Claimants and Seven Thousand Two Hundred and 00/100 (\$7,200.00) Dollars to the National Association of Securities Dealers, Inc. The NASD, Inc. shall retain the Three Thousand and 00/100 (\$3,000.00) Dollar (\$750.00 per case) filing fees previously deposited by the Claimants which the Claimants shall recoup as set forth above.

9. The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding.

OTHER ISSUES

None.

ARBITRATORS CONCURRING

/s/

Steven Ainsbinder, Esq., Public Arb

/s/

Craig Edward Stein, Esq., Public Chair

ARBITRATOR DISSENTING

/s/

Leslie Bishop, Industry Arbitrator

* Arbitrator Leslie Bishop specially dissents to that part of paragraph 5 of this Award which denies punitive damages but otherwise fully concurs in the Award.

Received this 17th day of October 1990.