

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between :
:
John and Sharon Messarian :
:
: AWARD
Claimants : # 89-01122
:
vs. :
:
:
Shearson Lehman Hutton :
:
and :
:
William James :
:
:
Respondents : :

Case Summary

Claimants, John and Sharon Messerian (Claimants), alleged that Respondents, Shearson Lehman Hutton ("Shearson") and William James ("James"), the account executive which handled the Claimants' account, recommended to the Claimants an unsuitable limited partnership investment and engaged in unsuitable and unauthorized options trading. Claimants further alleged that James churned their account and that Respondents failed to supply them with important information concerning their limited partnership investment. Respondents denied each allegation alleged by the Claimants and maintained that the Claimants had a substantial net worth and were suitable for their investments in options and limited partnership. Moreover, James maintained that the Claimants' fully understood the possible risks and rewards of both investments.

Relief Requested

Claimants requested compensatory damages in an amount in excess of \$150,000.00 and punitive damages in the amount of \$500,000.00.

Respondents requested that the Claimants' claim be dismissed in its entirety and that the arbitration panel award Respondent Shearson the costs of this arbitration.

Award

On March 29 and May 7, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on April 10, 1989 and by Respondent Shearson on July 20, 1989 and by Respondent James on August 14, 1989. The hearing was held in

Louisville, KY and consisted of 5 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. That Claimants' claim is denied in its entirety.
2. That Claimants' request for punitive damages is also denied in its entirety.
3. The parties shall each bear their respective costs including attorneys' fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the Claimants and Respondents are equally assessed forum fees for the 5 sessions of hearings. Such that the Claimants and the Respondents are both assessed Forum fees in the amount of \$2,500.00. However, the Claimants are entitled to apply their \$1,000.00 filing fee to the forum fee so that the Claimants' are assessed forum fees in the amount of \$1500.00.
5. Respondents are assessed forum fees in the amount of \$2,500.00 payable to the NASD, Inc. through its staff counsel in accordance with Section 43 of the Code of Arbitration Procedure.

CONCURRING ARBITRATORS

/s/

Robert P. Ross

/s/

Phyllis E. Florman

/s/

Gerald B. Brenzel

Dated: July 9, 1990