

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Russell Wayne Lee

89-01136

Name of Respondent(s)

Shearson Lehman Hutton, Inc.

CASE SUMMARY

In a claim filed by Russell Wayne Lee ("Claimant") on or about April 16, 1989, Claimant alleged that Shearson Lehman Hutton ("Respondent") falsely stated and omitted to state material facts in connection with transactions conducted in Claimant's account; failed to advise Claimant of the risks involved with regard to trades which occurred in Claimant's account; improperly advised Claimant to borrow funds to place in his trading account and misrepresented the risk at which these funds had been subjected; failed to follow Claimant's specific instructions with respect to the handling of Claimant's account; conducted unauthorized trading transactions in Claimant's account; and engaged in excessive trading in Claimant's account in order to generate commissions resulting in violations of the Arkansas Securities Act, Commodity Exchange Act and Arkansas common law with respect to fraud and negligence.

In a Statement of Answer filed by the Respondent on or about November 14, 1989, Respondent denied all allegations of wrongful activity with respect to Claimant's account and asserted that Claimant was fully aware of and approved of each transaction which occurred in Claimant's account. Respondent further stated that losses in Claimant's account were due to market fluctuations for which it should not be held liable.

RELIEF REQUESTED

Claimant requested damages in excess of One Hundred Thirty Three Thousand Six Hundred Eighty Dollars (\$133,680) plus accrued interest, reasonable attorney's fees, costs and punitive damages.

Respondent requested payment of its attorney's fees and costs.

AWARD

On September 25th and 26th in Little Rock, Arkansas during a hearing lasting 4 sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on April 14, 1989 by Claimant Russell Wayne Lee and on November 9, 1989 by William Hohausser on behalf of Respondent Shearson Lehman Hutton.

The parties have agreed to allow the arbitration panel to execute a handwritten copy of this award and to receive a typed conformed copy of this award.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. The Claimant's claim as asserted is denied in its entirety.

2. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$750.00 filing fee previously deposited with the NASD by the Claimant. Claimant is also assessed Three Thousand Dollars (\$3,000) in forum fees.

Arbitrator(s) Signature

Dated: October 3, 1990 /s/ Richard B. Steinkamp, Presiding Chair

Dated: October 3, 1990 /s/ Robert L. Lanford

Dated: October 3, 1990 /s/ James Paul Beachboard