

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Martha Szerlip

Claimant

vs.

CASE #89-01358
AWARD

Shearson Lehman Hutton, Inc.
Peter M. Gibson

Respondents

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 8, 1989, Claimant Martha Szerlip alleged that Respondent Peter Gibson intentionally entered the Claimant into an excessive number of trades for the purpose of generating commissions for himself and Respondent Shearson Lehman Hutton, Inc. and further alleged he invested her account in securities which he knew or she have known were unsuitable for the Claimant and made numerous false representations to the Claimant regarding her brokerage account and traded her account through the use of margin without her knowledge or consent. Claimant further alleged Respondent Shearson Lehman Hutton, Inc. failed to adequately supervise Respondent Peter Gibson and breached the fiduciary duty owed to the Claimant. Respondent Shearson Lehman Hutton, Inc. maintained that the number and type of transactions in the Claimants' account were neither excessive nor unsuitable for the Claimant and that each transaction was discussed thoroughly with the Claimant prior to its execution and that she approved of each transaction and accepted the attendant risks. Respondent Shearson Lehman Hutton, Inc. further maintained the losses in the Claimants' account were due to legitimate and unforeseeable market fluctuation. Respondent Shearson Lehman Hutton, Inc. further maintained that in the event any such liability is to be found that it is the responsibility of Respondent Peter Gibson.

RELIEF REQUESTED

Claimant requested damages of \$25,000.00 as a result of the trading in her account. In addition, Claimant alleged she was forced to pay approximately \$2,000.00 in unnecessary margin interest charges and thousands of dollars in excessive commissions. Respondent Shearson Lehman Hutton, Inc. requested dismissal of the claim against it, plus costs including attorneys fees. Respondent Shearson Lehman Hutton, Inc. further requested that if any liability be found against it, that Respondent Shearson Lehman Hutton, Inc. has a claim against Respondent Peter Gibson for the full amount of the liability.

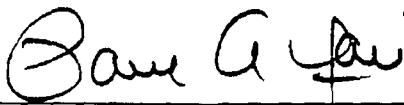
AWARD

On December 7, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Martha Szerlip on May 2, 1989, and by Respondent Shearson Lehman Hutton, Inc. on October 27, 1989, and by Respondent Peter M. Gibson on December 12, 1989. The hearing was conducted in Baltimore, MD and consisted of three (3) hearing 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:

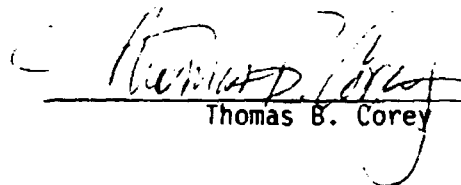
1. Respondent Shearson Lehman Hutton, Inc. be and hereby is liable and shall pay to the Claimant Martha Szerlip the sum of Twenty One Thousand Six Hundred Sixty Nine Dollars and No Cents (\$21,669.00).
2. Respondent Peter M. Gibson be and hereby is liable and shall pay to the Respondent Shearson Lehman Hutton, Inc. the sum of Five Thousand Two Hundred Ninety Nine Dollars and No Cents (\$5,299.00).
3. The parties shall each bear their respective costs in this proceeding, including attorney's fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant. In addition, the Respondent Shearson Lehman Hutton, Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of \$800.00 to represent forum fees.

PAGE 3
89-01358

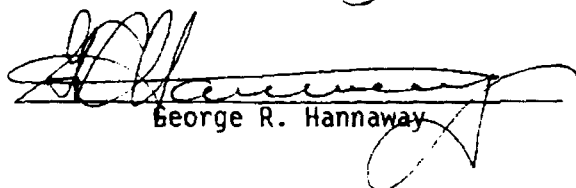
ARBITRATORS CONCURRING



Paul A. Yates 1/6/90



Thomas B. Corey



George R. Hannaway

DATED: January 18, 1990