

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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* In the Matter of the Arbitration Between/Among *
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* Fred C. Follmer *
* and *
* Sharon R. Follmer *
* Claimants *
*
* vs. *
*
* Shearson Lehman Hutton, Inc. *
* and *
* Andrew Weitz *
* Respondents *
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Case #89-01731
AWARD

CASE SUMMARY

Claimants, Fred C. and Sharon R. Follmer alleged that Respondents, Shearson Lehman Hutton, Inc. and Andrew Weitz improperly handled Claimants' account. Claimants alleged that Respondents Weitz made material misrepresentation to the Claimants regarding Royalpar in order to induce Claimants into purchasing Royalpar. Claimants alleged that Respondent Weitz guaranteed profits and misrepresented the Royalpar investment. Claimants alleged that Respondent Weitz told Claimants that he had the "inside story" regarding Royalpar. Claimants alleged that Respondent Shearson Lehman Hutton, Inc., failed to supervise the actions of its agent. Claimants alleged that Respondent Weitz failed to act in a prudent and responsible manner.

Respondents categorically denied all allegations in Claimants' claim and specifically maintained that Weitz did not guarantee the performance of Royalpar nor did he tell Mr. Follmer that he had the "inside story". Respondents maintained that Claimant, Mr. Follmer was advised by Respondent Weitz that there had been some buying in the stocks by insiders and a money manager as was publicly reported. Respondents maintained that Mr. Follmer is a knowledgeable investor who understood the risks and that Claimants not Respondents are responsible for the losses in Claimants' account.

RELIEF REQUESTED

Claimants requested rescission of their Royalpar investments so that Claimants return all Royalpar stock warrants and that Claimants would receive back their monies paid for Royalpar plus interest.

Respondents requested that Claimants' claim be dismissed in its entirety and that the panel award the Respondents costs and attorneys' fees.

AWARD

On Thursday, May 24, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimants, on July 21, 1989 and by the Respondent Shearson Lehman Hutton, Inc. on September 13, 1989 and by Respondent Weitz on May 16, 1990. The hearing was held in Atlanta, Georgia and consisted of Two (2) 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 Respondents Shearson Lehman Hutton, Inc. and Andrew Weitz are hereby found jointly and severally liable and shall pay to the Claimant the sum of Four Thousand Six Hundred Seventy Five Dollars And No Cents (\$4,675.00); inclusive of interest, provided that Claimant tender the shares of Royalpar to Respondent Shearson Lehman Hutton, Inc., through its attorney.
2. The parties shall each bear their respective costs, including attorneys' fees.
3. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$500.00 filing fee previously deposited by the Claimant.
4. Respondents Shearson Lehman Hutton, Inc. and Andrew Weitz are assessed forum fees in the amount of \$500.00 payable to the National Association of Securities Dealers, Inc. through its staff counsel in accordance with Section 43 of the Code of Arbitration Procedure and Respondents shall reimburse the Claimant \$500.00 as cost of his original filing fee.

ARBITRATORS CONCURRING

/s/

Michael A. Caldwell

/s/

Robert H. Putnam, Jr.

/s/

Chris S. Guerin

Dated: July 31, 1990