

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Louis Levine and Sadie Levine

89-01770

Name of Respondent(s)

Shearson Lehman Hutton, Inc.
Edgar Stauber

CASE SUMMARY

Claimants alleged that Respondents churned the Claimants' account, negligently handled the Claimants' account, committed acts of fraud, and committed acts of unauthorized trading. Claimants further alleged that they were unsophisticated investors and that the Respondents failed to act in the best interests of the Claimants regarding their securities investments. Respondents maintained that the Claimants failed to mitigate their damages when they became aware of the losses in their account and asserted that the activity in the Claimants' account was consistently disclosed to them.

RELIEF REQUESTED

Claimants requested damages of \$55,500.00 for trading losses and commissions, \$54,500.00 for consequential damages, \$220,000.00 in RICO treble damages, and \$150,000.00 in punitive damages plus attorneys' fees and costs. Respondents requested that the claim of the Claimants be dismissed and costs be assessed against the Claimants. Respondents further asserted a Motion to Dismiss based upon the fact that the six year eligibility rule under Section 15 of The Code of Arbitration Procedure barred specific claims.

AWARD

On September 11, 1990 and September 12, 1990 in Buffalo, New York, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimants Louis and Sadie Levine on June 15, 1989, by Respondent Shearson Lehman Hutton, Inc. on September 25, 1989, and by Respondent Edgar Stauber on September 28, 1989. The initial Statement of Claim was filed on June 19, 1989. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearings has determined in full and final resolution of all issues submitted for determination as follows:

- (1) Respondents Shearson Lehman Hutton, Inc. and Edgar Stauber are jointly and severally liable and shall pay to the Claimants Louis and Sadie Levine the sum of Fifty Five Thousand Dollars and No Cents (\$55,000.00) plus interest of 9% from June 19, 1989 until the date of payment of this award.
- (2) The Claimants' claims for RICO damages and punitive damages be and hereby are dismissed.
- (3) The Respondents' Motion to Dismiss is denied.
- (4) The parties shall each bear their respective costs including attorneys' fees.
- (5) Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD shall retain the \$750.00 filing fee previously deposited by the Claimants and hereby assesses the Respondents jointly and severally the sum of \$2,250.00 in forum fees made payable to the NASD, Inc. as costs of the four hearing sessions conducted in this matter.

/s/ _____
David Steinhilber, Esq.

/s/ _____
Richard Lehner, Esq.

/s/ _____
Robert Spampata

Dated: December 12, 1990

AWARD

On September 11, 1990 and September 12, 1990 in Buffalo, New York, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimants Louis and Sadie Levine on June 15, 1989, by Respondent Shearson Lehman Hutton, Inc. on September 25, 1989, and by Respondent Edgar Stauber on September 28, 1989. The initial Statement of Claim was filed on June 19, 1989. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearings has determined in full and final resolution of all issues submitted for determination as follows:

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David Steinhilber, Esq.

Richard Lehner, Esq.

Robert Spampata

Dated: December 11, 1990

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David Steinhilber, Esq.

Richard Lohner, Esq.

Robert Spampata

Dated: December 11, 1990