

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Dennis Puckett

89-02529

Name of Respondent(s)

Shearson Lehman Hutton, Inc.
Ernest V. Moncrief III

CASE SUMMARY

Claimant Dennis Puckett alleged that Respondents Shearson Lehman Hutton, Inc. and Dennis V. Moncrief, III engaged in multiple unauthorized securities transactions in his account including margin trades and trades of options. Claimant further alleged that even after Respondents admitted violations of industry rules, they failed and refused to make amends. Claimant also alleged that the Respondents negligently sold to him one half unit of a limited partnership called R-H Hilton Head, Ltd. by failing to comply with the private placement exemption of the federal and Georgia securities acts. Respondents maintained that the Claimant's account was handled in accordance with the Claimant's instructions and that any margin liquidations were proper. Respondents further maintained that all transactions in the Claimant's account were duly authorized by the Claimant, and the Claimant knew and understood the risks associated with the investments made in his account.

RELIEF REQUESTED

Claimant Dennis Puckett requested damages against the Respondents jointly and severally as follows:

- (1) Trading losses due to unauthorized trades in an amount in excess of \$53,603.72;
- (2) Cancellation of the debit balance in the Claimant's account;
- (3) For losses due to the wrongful liquidation of NDC stock in an amount in excess of \$104,875.50;

- (4) For return of margin interest paid in an amount in excess of \$28,548.00;
- (5) For losses suffered in the purchase and liquidation of R-H Hilton Head, Ltd. in an amount in excess of \$43,100.00;
- (6) For punitive damages in an amount in excess of \$200,000.00;
- (7) For all costs, expenses, and disbursements including reasonable attorneys fees;
- (8) For pre- and post- judgement interest.

Respondents requested that the claims of the Claimant be dismissed and that costs be assessed against the Claimant.

AWARD

On November 2, 1990 in Atlanta, Georgia, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant Dennis Puckett on August 17, 1989, by Respondent Shearson Lehman Hutton, Inc. on January 3, 1990, and by Respondent Ernest V. Moncrief, III on March 2, 1990. The initial Statement of Claim was filed on September 12, 1989. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of all issues submitted for determination as follows:

- (1) The Respondents are jointly and severally liable and shall pay to the Claimant the amount of \$140,000.00, inclusive of principle and interest.
- (2) The Respondents are jointly and severally liable and shall pay to the Claimant the amount of \$10,000.00 in attorneys fees. Attorneys fees are awarded pursuant to O.C.G.A. Section 13-6-11.
- (3) Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall refund the \$750.00 filing fee previously deposited by the Claimant and the panel assesses \$750.00 in forum fees against the Respondents as costs of the 2 hearing sessions conducted in this matter.

CONCURRING ARBITRATORS

/s/ _____
Floyd C. Hale, Esq.

/s/ _____
Harold Siegel

/s/ Robert Schaffer

Dated: November 6, 1990

Concurring Abstractors

Floyd C. Hale

FLOYD HALE

~~Harold Siegel~~

HAROLD SIEGEL

Robert Schaffer

ROBERT SCHAFFER

Dated: November 2, 1990

The parties shall each bear their respective costs including attorney's fees.

The \$25.00 filing fee previously deposited with the NASD, Inc. by the Claimant(s) will be refunded to the Claimants by the Respondent Palefsky.

February 7, 1990