

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

LARRY P. AND LINDA M. PACOS

Claimant(s)

and

SHEARSON LEHMAN HUTTON, INC. AND
CARLOS VILLANUEVA

Respondent(s)

Case No. 89-02868

CASE SUMMARY

Larry P. and Linda M. Pacos ("Claimants") alleged that Carlos Villanueva, a registered representative of Shearson Lehman Hutton, Inc. (Shearson and Villanueva are collectively referred to herein as "Respondents") made unauthorized transactions in their account, recommended option strategies which were unsuitable for the Claimants, made misrepresentations regarding the risks and return of option trading, charged excessive commissions, and improperly handled the Claimants options account.

Respondents denied each of the claims of the Claimants and further alleged that the Claimants were informed of all of the risks and the nature of option trading, the Claimant authorized each and every trade, and the Claimants were suitable for the type of option trading which was engaged in. Respondents further alleged that the Claimants claims were barred by the doctrines of in pari delicto, unclean hands, waiver, consent, estoppel, ratification, failure to mitigate, contributory fault, and assumption of the risks.

RELIEF REQUESTED

The Claimants requested damages in the amount of \$13,280.89 plus costs. The Respondents requested that the Claimants claims be dismissed and be awarded their attorneys' fees and costs.

AWARD

On October 17, 1989 the NASD received the Claimants statement of claim. On July 12, 1990, during a hearing lasting two (2) sessions, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed on October 2, 1989 by Claimants Larry and Linda Pacos, on December 18, 1989 by William A. Hohausser on behalf of Respondent Shearson Lehman Hutton, Inc., and on December 18, 1989 by Respondent Carlos Villanueva.

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. All claims asserted by the Claimants against the Respondents are hereby dismissed; and

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 \$400.00 filing fee previously deposited with the NASD by the Claimant.

Presiding Chair

Dated: July 12, 1990

/S/ John M. Eaves

Date Served: July 20, 1990