

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)	
Roy S. Carlsen)	
Lila D. Carlsen)	
Claimants)	
vs.)	AWARD
Shearson Lehman Hutton, Inc.)	NASD # 89-02916
Respondents)	

SUMMARY OF ISSUES

Claimants alleged Respondent engaged in a pattern of speculative options and undiversified common stock margin trading in their account; failed to disclose the risks of such speculative trading; failed to disclose that such trading was inconsistent with their investment objectives, their financial sophistication, and station in life; and further, that Respondent churned the account.

Respondent denied the allegations and any liability to Claimants. Respondent replied that Claimants were fully informed regarding all aspects of the investments prior to trading, and that Claimants authorized all trades.

DAMAGES AND RELIEF REQUESTED

Claimants requested damages at least \$150,000.00 plus attorney's fees and costs of arbitration.

Respondent requested dismissal of all claims and an award of attorney's fees and costs of arbitration.

DAMAGES AND RELIEF AWARDED

This claim was filed with the NASD on October 18, 1989. On November 8 and 9, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on April 17, 1990, and by an authorized representative of Shearson Lehman Hutton on July 13, 1990. The hearing was conducted in Seattle, Washington, and lasted five (5) 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 as follows:

1. Respondent is liable for and shall pay to Claimants the sum of \$36,786.00 only.


2. The parties shall each bear their respective costs including attorneys' fees.
3. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall refund the \$750.00 filing fee previously deposited by the Claimant. Respondent is assessed forum fees of \$3,750.00.

OTHER ISSUES

None.

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DATE SERVED: 1/10/91


Robert M. Stein