

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

-----:
Tzvi Ben-Aretz :

Claimant :

Vs. :

Shearson Lehman Hutton Inc. &
Victor Linnel :

Respondents :
-----:

AWARD

#89-03291

CASE SUMMARY

Claimant, Tzvi Ben-Aretz alleged that Respondents, Shearson Lehman Hutton, Inc. and Victor Linnel exercised control over his account, engaged in unauthorized and improper trading, made unsuitable investments, churned his account, breached their fiduciary duties in their maintenance of his account and that Shearson Lehman Hutton, Inc. failed to supervise Linnel while in its employ.

Respondents, Shearson Lehman Hutton, Inc. and Victor Linnel denied that they controlled Claimant's account or failed to supervise Linnel and maintained that Claimant had actual knowledge of and consented to all trades over a period of three years and that activity in the account did not constitute churning.

RELIEF REQUESTED

Claimant requested recovery of trading losses in excess of \$50,000.00, Margin interest, expenses of \$13,055.00, commissions on excessive trading, loss of income, costs and fees and punitive damages. Claimants also proposed alternative damage assessments.

Respondents requested dismissal of the claim.

AWARD

On May 24, 1990, June 21, 1990 and July 19, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant, Tzvi Ben-Aretz, on November 15, 1989 and by Respondents, Shearson Lehman Hutton, Inc. and Victor Linnel on February 15, 1990 and February 20, 1990, respectively. The hearing was held in New York City, New York and consisted of six (6) 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:

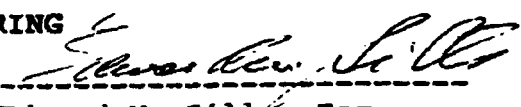
1. That Respondents, Shearson Lehman Hutton and Victor Linnel, jointly and severally, shall pay to the Claimant, Tzvi Ben-Aretz the sum of Forty Thousand Six Hundred Sixty Six dollars and no cents (\$40,666.00) with simple interest at the rate of 9% per anum from December 31, 1987.

2. The Parties shall each bear their respective costs, including attorneys' fees.

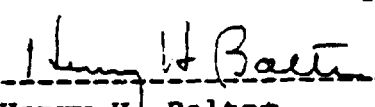
3. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$500.00 filing fee previously deposited by the Claimant.

4. Respondents, Shearson Lehman Hutton and Victor Linnel are jointly and severally assessed forum fees in the amount of \$2,500.00 payable to the NASD, Inc. through its administrator in accordance with section 43 of the Code of Arbitration Procedure.

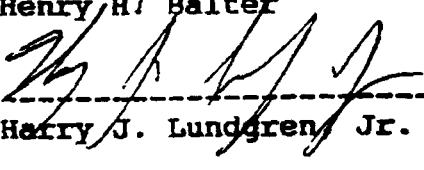
ARBITRATORS CONCURRING



Edward M. Sills, Esq.



Henry H. Balter



Harry J. Lundgren, Jr.

Dated: 9/28/90