

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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MICHAEL E. & MICHELLE J. SMITH	:	
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CLAIMANTS	:	AWARD
	:	#90-00011
V.	:	
	:	
E.F. HUTTON & COMPANY, INC.	:	
AND JOHN G. TOMLINSON	:	
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CASE SUMMARY

The Statement of Claim was filed with the NASD, Inc. on December 28, 1989.

Claimants, Michael E. and Michelle J. Smith alleged that they were unsophisticated investors when they opened an investment account with Respondents E.F. Hutton & Co., Inc. and John G. Tomlinson, who went against their investment objectives-that of safety and liquidity-by putting their money in a risky margin account, causing Claimants substantial losses.

Respondents, E.F. Hutton & Co., Inc. and John G. Tomlinson denied all allegations of wrong-doing and maintained that Claimants were informed of the risks of a margin account at the time that they opened the account, that Claimants were aware of and approved of every trade in their account and that any losses in Claimants' account were due to what is now commonly known as "The Crash" which occurred in October of 1987 over, which Respondents had no control.

RELIEF REQUESTED

Claimants, Michael E. and Michelle J. Smith, requested an award in the amount of \$9,687.22.

Respondents, E.F. Hutton & Co., Inc. and John G. Tomlinson requested dismissal of the claim and further requested costs and attorneys' fees.

AWARD-490-00011

AWARD

On Thursday October 11, 1990, the undersigned arbitrator heard the controversy between the Parties as set forth in submissions to arbitration signed by the Claimants, Michael E. and Michelle J. Smith on May 16, 1989 and by Respondent, E.F. Hutton & Co., Inc. (now Shearson Lehman Hutton, Inc. "Shearson"), on February 8, 1990 and by Respondent, John G. Tomlinson on March, 30, 1990. The hearing was held in Lavonia, Michigan and consisted of two sessions. The arbitrator, 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. The Claims of the Claimants against Respondent, E.F. Hutton & Co., Inc. (now Shearson Lehman Hutton, Inc.) be and hereby are dismissed in all respects;
2. The Claims of the Claimants against Respondent, John G. Tomlinson be and hereby are dismissed in all respects;
3. The Parties shall each bear their respective costs, including attorneys' fees;
4. Pursuant to Section 43 of the Code of Arbitration Procedure the National Association of Securities Dealers, Inc. shall retain the \$200.00 filing fee previously deposited by the Claimants;
5. Claimants, and Respondents are each assessed forum fees in the amount of \$200.00 payable to the NASD, Inc. through its staff administrator in accordance with Section 43 of the Code of Arbitration Procedure.

/s/

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Harry A. Carson  
(Sole Arbitrator)

Dated: November 6, 1990