

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)	
Rosel K. Jacobson)	
)	
Claimant)	
vs.)	AWARD
)	
Shearson Lehman Hutton, Inc.)	NASD NO. 90-00037
Marshall Pilkington)	
Ronald Shores)	
Respondents)	

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on January 2, 1990. Claimant alleged: violation of the Securities and Exchange Act (SEA), 15 U.S.C. Section 78(j) and Securities and Exchange Commission Rule 10b-5, failure to supervise in violation of Section 20 SEA, 15 U.S.C. Section 78(l), fraud and misrepresentation, negligent misrepresentation and breach of fiduciary duty in the sale of Pace Membership Warehouse, Inc. shares of stock.

Respondents denied all substantive claims of claimant and asserted the following affirmative defenses: 1) failure to state a claim upon which relief may granted, 2) no losses have been suffered, 3) claim is speculative, 4) estoppel, and 5) claimant specifically instructed the transaction be executed.

DAMAGES AND RELIEF REQUESTED

Claimant requested:

1. Compensatory damages of \$335,795.00;
2. Interest;
3. Punitive damages; and
4. Costs and attorneys fees.

DAMAGES AND RELIEF AWARDED

On October 4 and 5, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on December 7, 1989. Respondent did not file submission agreements but filed an Answer, appeared at the arbitration and verbally submitted to the jurisdiction of the NASD and are subject to such jurisdiction in accordance with Section 12 of the NASD Code of Arbitration Procedure. The hearing was conducted in San Diego, California and lasted four 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. All claims against respondent Shores are dismissed.
2. Respondents Shearson and Pilkington are jointly and severally liable for and shall pay claimant \$10,541.00 in compensatory damages.
3. The claim for punitive damages is dismissed.
4. The parties shall each bear their respective costs including attorneys fees.
5. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$750.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrators. In addition, Respondents Shearson and Pilkington are jointly and severally assessed fees of \$1,000.00, representing charges for forum fees payable to the NASD, Inc.

ARBITRATORS CONCURRING

DATE SERVED: 10/29/90



William R. Newsome

Lewis C. Brown.

Gennaro A. Santangelo