

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

James M. Hasson
Virginia Hasson

NASD Arbitration
No. 90-00376

Name of Respondent(s)

Shearson Lehman Hutton, Inc.
Michael Farah

REPRESENTATION

For Claimant: William F. Davis, Esq.

For Respondent: Mitchell J. Albert, Esq. - Keesal, Young & Logan

CASE INFORMATION

Statement of Claim filed: February 5, 1990

Claimant's Submission Agreement signed on: January 23, 1990

Joint Statement of Answer and Counterclaim filed by Respondents, on: April 27, 1990

Respondent, Shearson Lehman Hutton, Inc.'s Submission Agreement signed on: April 26, 1990

Respondent, Michael P. Farah's Submission Agreement signed on: March 22, 1990

HEARING INFORMATION

Pre-Hearing Conference: None

Hearing Dates/Sessions:	March 24, 1992	- Two Sessions
	March 25, 1992	- Two Sessions
	March 26, 1992	- Two Sessions
	March 27, 1992	- Two Sessions
	March 30, 1992	- Two Sessions
	June 3, 1992	- Two Sessions
	June 4, 1992	- Two Sessions
	June 5, 1992	- Two Sessions
	June 25, 1992	- Two Sessions
	June 26, 1992	- Two Sessions
	June 29, 1992	- Two Sessions
	June 30, 1992	- Two Sessions
	July 1, 1992	- Two Sessions
	July 3, 1992	- One Session
Total Sessions:		Twenty-Seven

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimants, James M. Hasson and Virginia Hasson (Hasson) alleged that Respondent, Michael Farah (Farah) while employed by Respondent, Shearson Lehman Hutton (SLH) purchased high risk corporate notes and limited partnership interests for Hasson's account which Farah knew or should have known were unsuitable in light of Hasson's investment objectives and financial needs. Hasson also alleged churning, failure to supervise as to SLH, breach of fiduciary duty and fraud.

Respondents, answering jointly, alleged that Hasson received and executed letters representing that she was aware of all transactions in the account and that the investments were consistent with the account's investment objectives. Respondents also alleged that the transaction in Hasson's account were not excessive in size or frequency and that Respondents did not control the trading.

Respondents also counterclaimed against Claimant, Virginia Hasson, for contribution and indemnification.

RELIEF REQUESTED

Claimants requested actual damages in excess of \$3,000,000.00 according to proof at the hearing, punitive damages of \$15,000,000.00 and Claimants' costs and expenses incurred.

Respondents requested dismissal of the claim, costs and attorneys' fees or, in the alternative, an award on the counterclaim for contribution and indemnification for any damages for which Respondents are found liable.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the original(s) remain on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, Shearson Lehman Hutton, Inc., and Michael Farah, are jointly and severally liable and shall pay to Claimants, James M. Hasson and Virginia Hasson, the sum of Six Hundred Sixty Eight Thousand, Four Hundred Seventy Five Dollars and No Cents. (\$668,475.00) plus simple interest at the rate of 7% per annum from July 1, 1987 through the date of payment of the award.
2. Claimants claim for punitive damages is dismissed.
3. Respondents counterclaim against Claimant, Virginia Hasson, is dismissed.
4. The parties shall bear their respective costs and fees, including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

- a. Claimants are assessed the sum of \$12,250.00, representing fees for one-half of the fees for 26 hearing sessions at \$1,000.00, less the previously deposited \$750.00.
- b. Respondents are jointly and severally assessed the sum of \$13,000.00 representing one-half of the fees for 26 hearing sessions at \$1,000.00 each.

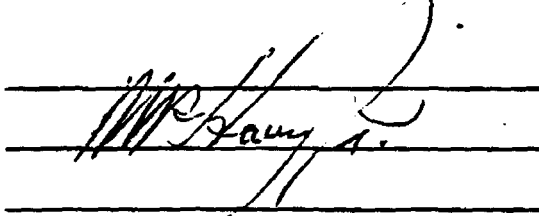
Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATORS

Public/Industry
Public Chairperson
Public
Industry

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ators' Signatures



Date of Decision:

7-30-92

Served August 4, 1992