

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

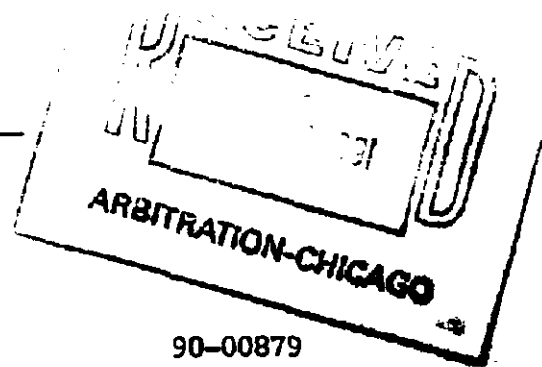
KATHY DOVEL HANEY

Claimant

and

SHEARSON LEHMAN HUTTON, INC. and
JULEE LAWSON

Respondents



90-00879

REPRESENTATION OF PARTIES

Kathy Dovel Haney was represented by John Brooks, Esq. of Nutt, Brooks & Campbell, Wichita Falls, Texas.

Shearson Lehman Hutton, Inc. and Julee Lawson were represented by C.W. Flynn, Esq. and Brad Foster, Esq. of Locke Purnell Rain Harrell, Dallas, Texas.

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about March 23, 1990 and a First Amended Statement of Claim filed with the NASD on or about April 22, 1991. Kathy Dovel Haney ("Claimant") alleged that Julee Lawson and Shearson Lehman Hutton, Inc. n/k/a Shearson Lehman Brothers, Inc. (collectively as "Respondents") engaged in unauthorized trading in her account, churned the account to produce greater commissions, invested in highly speculative type investments with full knowledge that Claimant was not suitable or consistent with the Claimants' stated investment objective. Claimant further alleged that Respondents made deliberate misrepresentations as to the true status of her account. Claimant invested in various unnamed stocks, options, mutual funds and limited partnerships.

In their joint Statement of Answer filed with the NASD on or about May 23, 1990 and in their First Amended Statement of Answer filed with the NASD on or about May 2, 1991, Respondents denied the allegations against them. Respondents specifically stated that Claimant's account was never traded on a discretionary basis, that Claimant had authorized each transaction in her account that Claimant's account was not churned, and that the status of Claimant's account was not misrepresented. Respondents asserted the following affirmative defenses: the claims are barred by various statutes of limitations, waiver, estoppel, ratification, the claims fail to state a cause of action upon which relief may be granted.

RELIEF REQUESTED

Claimant requested an award of rescission of all transactions in her account, unspecified exemplary damages, treble damages and attorneys fees under the Texas Deceptive Trade Practices Act or the Racketeer Influenced and Corrupt Organizations Act ("RICO") 19 U.S.C. Section 1961 et seq.

Respondents requested that the claims be denied and recovery of their costs and reasonable attorneys fees.

PROCEDURAL MATTERS

On Thursday, July 11, 1991, Friday, July 12, 1991 and Saturday, July 13, 1991 in Dallas, Texas during a hearing lasting a total of five (5) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on March 13, 1990 by Claimant Kathy Dovel Haney on May 8, 1990 by Respondent William A. Hohauser on behalf of Respondent Shearson Lehman Hutton, Inc.

Respondent Julee Lawson did not file with the NASD a properly executed submission to arbitration but is required to submit to arbitration pursuant to Section 12 of the NASD Code of Arbitration Procedure and having answered the claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

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

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Shearson Lehman Brothers, Inc. f/k/a Shearson Lehman Hutton, Inc. shall be and hereby is liable for and shall pay to the claimant Kathy Dovel Haney the sum of Two Hundred Thirty Seven Thousand Dollars (\$237,000.00);
2. Claimant Kathy Dovel Haney upon receipt of the above stated sum shall tender to Shearson her interest in the securities held in the accounts in dispute;
3. Interest at the rate of 12% per annum shall be paid on the sum stated in paragraph 1 above from and inclusive of the 30th day after the date of this award;
4. All claims asserted against Julee Lawson shall be and hereby are dismissed and denied in their entirety;
5. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the

hearing session deposit in the amount of \$550.00 previously deposited with the NASD by the Claimant. Respondent Shearson Lehman Brothers, Inc. shall pay to the NASD the sum of \$4,450.00 and reimburse to the claimant the sum of \$550.00 as forum fees.

Dated:

Martin Feinberg
Presiding Chair
Industry Arbitrator

P. Michael Armstrong, Esq.
Public Arbitrator

7/20/91

George C. Witte
George C. ~~Witte~~ WITTE
Public Arbitrator

hearing session deposit in the amount of \$550.00 previously deposited with the NASD by the Claimant. Respondent Shearson Lehman Brothers, Inc. shall pay to the NASD the sum of \$4,450.00 and reimburse to the claimant the sum of \$550.00 as forum fees.

Dated:

7/22/91

Martin Feinberg
Presiding Chair
Industry Arbitrator


P. Michael Armstrong
P. Michael Armstrong, Esq.
Public Arbitrator

George C. White
Public Arbitrator

hearing session deposit in the amount of \$550.00 previously deposited with the NASD by the Claimant. Respondent Shearson Lehman Brothers, Inc. shall pay to the NASD the sum of \$4,450.00 and reimburse to the claimant the sum of \$550.00 as forum fees.

Dated:

08/01/91



Martin Feinberg
Presiding Chair
Industry Arbitrator

P. Michael Armstrong, Esq.
Public Arbitrator

George C. White
Public Arbitrator