

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)	
Gloria P. Morales)	
Claimant)	
vs.)	AWARD
)	NASD #90-00907
Shearson Lehman Hutton, Inc.)	
George Jadoon)	
Gary C. Overstreet)	
Respondents)	
)	

SUMMARY OF ISSUES

Claimant alleged unauthorized trading in options, failure to disclose the risks of options trading, failure to execute a purchase order in a timely manner, churning, and failure to supervise.

Respondents denied the allegations, and asserted that Claimant expressly authorized all trades according to her own aggressive investment strategy. Respondent Shearson Lehman also asserted a counterclaim for the debit balance in Claimant's account.

DAMAGES AND RELIEF REQUESTED

Claimant requested damages of approximately \$187,084.00, plus punitive damages of \$500,000.00, costs of arbitration and attorney's fees.

Respondents requested dismissal of the claim, and an award on the counterclaim of \$22,090.17, plus interest, punitive damages, costs of arbitration and attorney's fees.

DAMAGES AND RELIEF AWARDED

This claim was filed with the NASD on March 27, 1990. On December 4, 5, 6 and 12, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on March 22, 1990, by George Jadoon and Gary Overstreet on June 4, 1990, and by an authorized representative of Shearson Lehman Hutton on May 24, 1990. The hearing was conducted in San Francisco, California and lasted ten (10) 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 as follows:

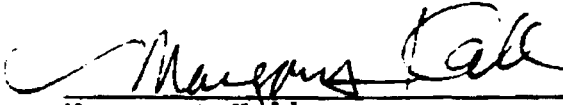
1. All claims asserted against Gary Overstreet are dismissed.
2. Respondents Shearson Lehman Hutton and George Jadoon are jointly and severally liable for and shall pay to Claimant the sum of \$63,480.00 inclusive of interest.
3. With respect to the counterclaim, Gloria Morales is liable for and shall pay to Shearson Lehman Hutton the sum of \$24,114.32, inclusive of interest.
4. All claims for punitive damages are dismissed.
5. The parties shall each bear their respective costs including attorneys' fees.
6. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$1,000.00 filing fee previously deposited by the Claimant as an assessment of forum fees. Claimant is further assessed forum fees of \$4,000.00. The NASD will retain the \$750.00 filing fee deposited by Shearson. Respondent Shearson Lehman Hutton is assessed an additional \$1,750.00 in forum fees, and Respondent George Jadoon is assessed \$2,500.00 in forum fees.

OTHER ISSUES

None.

ARBITRATORS CONCURRING

DATE SERVED: 1/24/91


Margaret Kallman

Stephen R. Clark

David C. Freeman