

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Howard O. Edwards

90-01222

Name of Respondent(s)

Shearson Lehman Hutton, Inc.  
Prudential-Bache Securities Inc.  
Forrest Reeves

Heard before:

Name	Public/Industry
James P. McCrocklin	Public Arbitrator
Gerald B. Brenzel	Industry Arbitrator
Amelia F. Adams, Esq.	Public Arbitrator

CASE SUMMARY

Claimant, Howard O. Edwards, alleged that Respondents, Shearson Lehman Hutton, Inc. and Prudential-Bache Securities, Inc. and Forrest Reeves, improperly designated NuCorp old stock as NuCorp new stock and reflected values of 6 1/2 per share to 8-3/4 per share to the Claimant on his monthly statements. The Claimant, in reliance on the representation of the Respondents, sold NuCorp stock 8-3/4 per share on or about March 31, 1988 and that the Respondents, Forrest Reeves and Shearson Lehman Hutton, Inc., took some two and a half month, until June 17, 1988, to discover an error had been made in the account and that the NuCorp stock that the Claimant owned at the time of the sale was worthless, and not the NuCorp stock that was sold. By reason of this error, Claimant requested judgment for \$25,765.50, plus reasonable interest, compensatory damages for Claimant's time, trouble, aggravation, mental and emotional stress and anguish, plus punitive damages for Respondents' misconduct, and attorney fees.

Respondents maintained that the sale that occurred on March 31, 1988 was an error in the Claimant's account, in that he did not own the stock sold on that date, and that Respondents corrected the error by taking it out of Claimant's account and crediting Claimant's account for the proceeds such that the account was as if the trade had not occurred, and that Claimant was in a superior position to know the value and the nature of his holdings and that it was unreasonable for him to rely on Respondents. Respondents requested that Claimant's claim be dismissed in its entirety.

It was stipulated at the hearing that the Cross-claim filed by Shearson Lehman Hutton, Inc. and Forrest Reeves against Prudential-Bache Securities, Inc. was withdrawn by counsel at trial.

AWARD

On March 27, 1991, the undersigned arbitrators heard the controversy between the parties. The hearing was held in Louisville, Jefferson County, Kentucky, and consisted of two 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. Claimant, Howard O. Edwards', claim against Prudential-Bache Securities, Inc. and Forrest Reeves, is hereby dismissed. Claimant shall recover from Shearson Lehman Hutton, Inc. in the amount of Three Thousand Three Hundred Sixty One Dollars and Fifty One Cents (\$3,361.51).
2. The parties shall each bear their respective costs, including attorneys' fees.
3. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the filing fee previously deposited by the Claimant.
4. Respondent, Shearson Lehman Hutton, Inc., is assessed forum fees in the amount of \$500.00 payable to the NASD, Inc. through its staff counsel in accordance with Section 43 of the Code of Arbitration Procedure.

ARBITRATORS CONCURRING

\_\_\_\_\_/s/\_\_\_\_\_  
James P. McCrocklin

\_\_\_\_\_/s/\_\_\_\_\_  
Gerald B. Brenzel

\_\_\_\_\_/s/\_\_\_\_\_  
Amelia F. Adams

DATED: April 10th, 1991