

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between
Melville H. Gaughan and Thomas A. Gaughan

vs. Claimants

AWARD
#90-01423

Shearson Lehman Hutton, Inc.
and William C. Black

Respondents

CASE SUMMARY

Claimants Melville H. and Thomas A. Gaughan ("Claimants") alleged that Respondents made unsuitable investments in, among other things, a "junk bond" fund and a real estate limited partnership. Claimants contended the account was for Melville Gaughan's son, Thomas A. Gaughan, whose sole sources of income were from Social Security Disability and income from Thomas Gaughan's limited savings.

Respondents Shearson Lehman Hutton, Inc. and William C. Black ("Respondents") denied all allegations. Respondents maintained that at no time was preservation of principal set forth as the main goal of the account. Respondents maintained that Melville Gaughan totally controlled the account.

RELIEF REQUESTED

Claimants requested damages in the amount of \$17,0404.00.


Respondents requested that Claimants' claim be denied in its entirety.

AWARD

The hearing was held in New York City on December 13, 1990 the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on May 15, 1990 and by Respondent Shearson Lehman Hutton, Inc. on June 28, 1990 and by Respondent William C. Black on July 17, 1990. The initial claim was filed on May 18, 1990. The arbitrator having considered the pleadings, the testimony, and the evidence presented at the hearing and the papers submitted subsequently has determined in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claim is dismissed in its entirety;
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 \$400.00 filing fee previously deposited by the Claimant as costs of the two (2) hearing sessions conducted in this matter and assess an additional \$300.00 against Respondent Shearson Lehman Hutton, Inc.

PRESIDING ARBITRATOR



Harry Weiss