

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Shearson Lehman Hutton, Inc.

Claimant &
Counter-Respondent

AWARD

VS.

NASD #90-01839

Lee Terrell

Maria Terrell

**Respondents &
Counter-Claimants**

SUMMARY OF ISSUES

Claimant alleged failure to pay an unsecured debit balance in Respondents' account arising from losses incurred in short sales of OEX options contracts.

Respondents denied liability for the unsecured debit balance because of Claimant's alleged failure to disclose the risks of short options sales, as well as failure to disclose the margin requirements. The counter-claim alleged the trades were unsuitable for the financial status, sophistication and investment objectives of the Terrells.

DAMAGES AND RELIEF REQUESTED

Claimant requested damages of \$14,782.41, plus interest from July 10, 1986, to date of award, costs of arbitration, attorney's fees and dismissal of the counter-claim.

Respondents' counter-claim requested damages of \$15,754.27, plus interest from July 10, 1986, to date of award, costs of arbitration and dismissal of the claim.

DAMAGES AND RELIEF AWARDED

This claim was filed with the NASD on June 28, 1990. On March 28 and 29, 1991, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by an authorized representative of Shearson Lehman on June 27, 1990, and by Lee Terrell on March 25, 1991. Maria Terrell did not file an executed submission agreement, but filed a joint answer and was represented by counsel at the evidentiary hearing. The hearing was conducted in San Francisco, California and lasted four (4) 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:

12/17/74

1. All claims brought by Shearson Lehman are dismissed.
2. All counter-claims brought by Lee and Maria Terrell are dismissed.
3. The parties shall each bear their respective costs including attorneys' fees.
4. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$600.00 fee previously deposited by the Claimant as a partial assessment of forum fees. Claimant is assessed an additional forum fee of \$600.00. The \$400.00 fee previously deposited by Respondents shall be retained by the NASD, and an additional forum fee of \$800.00 is assessed against Respondents. All forum fees are payable to the NASD.

OTHER ISSUES

At hearing, counsel for both parties waived all statute of limitations defenses.

ARBITRATORS CONCURRING

DATE SERVED: 4/12/91



William J. Moran

