

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, New York 10004

In the Matter of the Arbitration Between

Name of Claimant(s)

Marian L. Peterson & Kristine A. Grinder

90-02091

Name of Respondent(s)

Shearson Lehman Hutton, Inc.

Heard before the arbitration Arbitration Panel:-

Name	Public/Industry
Marvin I. Horowitz, Esq.	Public/Chairman
Levi T. Gardner, III	Public/Panelist
John R. Main	Industry/Panelist

REPRESENTATION

Claimants, Marian L. Peterson and Kristine A. Grinder were represented by: Robert L. Hencken, Esq. of Seyburn, Hencken, Mills & Shaw, P.C.

Respondent, Shearson Lehman Hutton, Inc., was represented by Lisa Columbo, Esq. of Shearson Lehman Hutton, Inc.

CASE SUMMARY

This matter was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on July 30, 1990. Claimants alleged that Respondent, Shearson Lehman Hutton, Inc. through a former consultant engaged in unauthorized trading, purchased unsuitable securities, failed to disclose risk of options trading and churned Claimants' accounts. Specifically, Claimants alleged that certain investments made on behalf of Claimant-Peterson's joint account with Claimant-Grinder and Claimant-Peterson's individual Retirement Account were inappropriate for someone of Claimant-Peterson's age, income lack of investment expertise and the consultant assumed all practical and factual control of Claimant-Peterson's accounts.

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Claimants further alleged that Claimant-Grinder is named as a Claimant only because her name appears on Claimant-Peterson's joint account with Respondent.

In a Statement of Answer filed with the NASD on October 17, 1991, Respondent, Shearson Lehman Hutton, Inc. maintained that Claimant-Peterson was aware of the risks involved with respect to the investments in question, was provided with Prospectuses prior to purchase, ratified the transactions in question and that trading in her accounts was suitable based upon the financial information she acknowledged to Respondent.

RELIEF REQUESTED

Claimants requested damages in the amount of \$92,108.75, plus interest; a repurchase of Claimants' holdings in certain Limited partnerships at Claimants' original purchase price totalling \$70,000.00; repayment of margin interest expense incurred by Claimants in the amount of \$4,420.00; punitive or exemplary damages in the amount of \$250,000.00; a refund of any commissions earned by Respondent on transactions determined to be unwarranted churning or made only for the purpose of a commission; and attorneys' fees and other costs.

Respondent requested dismissal of the Claim and costs. In addition, at the hearing on this matter, Respondent requested entry of a Motion to Dismiss as to Claimants' Claim relating to the purchase of Shearson Lehman Senior Income Fund, L.P. on the basis of a Final Judgment entered in In Re Senior Income Fund Securities Litigation on December 18, 1989.

AWARD

On April 11 and 12, 1991, in Southfield MI, during a hearing lasting six (6) sessions, the undersigned arbitrators heard the controversy between the Parties as set forth in submissions to arbitration signed by Claimants Marian L. Peterson & Kristine A. Grinder on July 25, 1990 and by Lisa Columbo on behalf of Respondent, Shearson Lehman Hutton, Inc. on October 9, 1990. The Arbitration Panel also reviewed a Supplemental Submission requested by it in connection with Respondent's Motion to Dismiss.

After considering the pleadings, the testimony, and the evidence presented at the hearing, the arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

(The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD).

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1. Respondent's Motion to Dismiss is granted.
2. The Panel awards damages of (i) \$36,741.00 to Claimants Marian L. Peterson & Kristine A. Grinder and (ii) \$29,995.00 to Claimant-Marian L. Peterson as Trustee of her individual Retirement Account and against Respondent, Shearson Lehman Hutton, Inc. Interest is specifically excluded.
3. Respondent, Shearson Lehman Hutton, Inc., is ordered to repurchase from Claimants their limited partnership interest in "Jones InterCable TV Fund 14 L.P." for the original purchase price and Claimants are ordered to execute any and all documents necessary to effectuate a transfer of such interest to Respondent.
4. Respondent, Shearson Lehman Hutton, Inc., is ordered to purchase from Claimant-Marian L. Peterson, in her capacity as Trustee of her Individual Retirement Account, her limited partnership interest in "American Income Partners - II, American Income No. 8 Limited Partnership" for the original purchase price, and Claimant-Marian L. Peterson, in her capacity as Trustee of her Individual Retirement Account, is ordered to execute any and all documents necessary to effectuate a transfer of such interest to Respondent.
5. The Parties shall each bear their respective costs, including attorneys' fees.
6. Claimants' request for punitive or exemplary damages is hereby denied;
7. Claimants' request for a refund of commissions earned by Respondent is hereby denied.
8. Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall retain the \$950.00 previously deposited by the Claimant.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

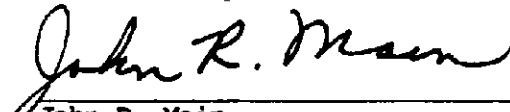
Claimants, Marian L. Peterson and Kristine A. Grinder are hereby assessed forum fees in the amount of \$1,550.00;

Respondent, Shearson Lehman Hutton, Inc., is hereby assessed forum fees in the amount of \$2,500.00.

Fees are payable to the National Association of Securities Dealers, Inc.

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Concurring Arbitrator's Signature



John R. Main

DATED: July 10, 1991

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Concurring Arbitrator's Signature


Marvin I. Horowitz, Esq.

DATED: July 10, 1991

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Concurring Arbitrator's Signature

Levi T. Gardner, III

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