

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

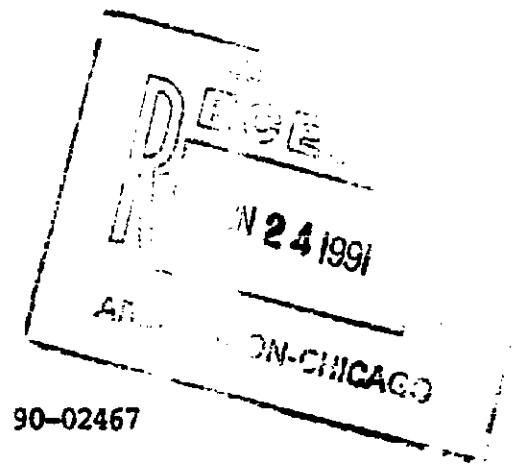
In the Matter of the Arbitration Between

Name of Claimant

Gary Peter Klahr

Name of Respondent(s)

Shearson Lehman Hutton, Inc.  
Larry Shatzkamer  
Mark Friedman



REPRESENTATION

Gary Peter Klahr was represented by James S. Freedman, Esq., Phoenix, Arizona.

Shearson Lehman Hutton, Inc., Larry Shatzkamer and Mark Friedman were represented by Keith Beauchamp, Esq., of Lewis & Roca, Phoenix, Arizona.

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about September 6, 1990, Gary Peter Klahr ("Claimant") alleged that Larry Shatzkamer ("Shatzkamer") and Mark Friedman ("Friedman") made misrepresentations to induce him to open an account at Shearson Lehman Hutton, Inc. ("Shearson") and to induce his purchases of stock in Phillips Petroleum Co., Central Federal Savings and Loan and Invitron Corporation. Claimant further alleged that Shatzkamer and Friedman failed to follow his investment intent; that Shatzkamer and Friedman were reckless in making unrealistic predictions in recommending the purchase of Invitron; that Shatzkamer and Friedman failed to follow his instructions to purchase Crestmont at 4 1/2 to 5; that Shearson failed to supervise Shatzkamer and Friedman, that the transactions were unsuitable for his account; that Respondents breached their fiduciary duty and were negligent.

In their Statement of Answer and Counterclaim filed with the NASD on or about December 18, 1990, Respondents Shearson Lehman Hutton, Inc., Larry Shatzkamer and Mark Friedman (collectively as "Respondents") denied the allegations of Claimant. Respondents stated that this was a case of buyer's remorse. Respondents also asserted the following affirmative defenses: assumption of risk; contributory negligence; negligence; failure of consideration; waiver; laches; ratification; mistake and estoppel.

In its Counterclaim, Respondent Shearson alleged that Claimant owed a debit balance as a result of margin trading.

In his reply to the Counterclaim filed with the NASD on or about January 25, 1991, Claimant stated that no money was owed Shearson as a result of the violations set forth in the Statement of Claim.

#### RELIEF REQUESTED

Claimant requested an award in the amount of \$38,000.00, cancellation of the debit balance, interest at the rate of 9% per annum from March 23, 1990, punitive damages, costs and attorneys fees.

Respondents requested that the Statement of Claim be dismissed and Respondent Shearson requested that it be awarded \$3,473.20 plus interest from March 31, 1990, attorneys fees and costs.

#### PROCEDURAL MATTERS

On Monday, June 3, 1991 in Scottsdale, Arizona during a hearing lasting two (2) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on August 29, 1990 by Claimant Gary Peter Klahr, on December 17, 1990 by William A. Hohauser on behalf of Respondent Shearson Lehman Hutton, Inc., on January 2, 1991 by Respondent Larry Shatzkamer and on April 19, 1991 by Respondent Mark Friedman.

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.

#### AWARD

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Shearson Lehman Hutton, Inc., Larry Shatzkamer and Mark Friedman shall be and hereby are jointly and severally liable for and shall pay to the Claimant Gary Peter Klahr the sum of Fifteen Thousand Eight Hundred Sixty-Seven Dollars and Thirty Three Cents (\$15,867.33);

2. Interest at the rate of 10% per annum is awarded on the above stated sum from and inclusive of March 23, 1990 to and inclusive of the date this award is paid in full;

3. The counterclaim asserted in this matter shall be and hereby is dismissed in its entirety;

4. Each party shall bear its own costs, expenses and attorneys fees

incurred in this matter; and

5. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall refund the hearing session deposit in the amount of \$400.00 previously deposited with the NASD by the Claimant. The NASD shall retain the hearing session deposit in the amount of \$300.00 previously deposited with the NASD by the Respondent Shearson Lehman Hutton, Inc. and Shearson Lehman Hutton, Inc. shall pay to the NASD the sum of \$500.00 as forum fees.

Dated: \_\_\_\_\_

Dated: June 14, 1991

John Hansgen  
John Hansgen  
Public Arbitrator

Dated: \_\_\_\_\_

incurred in this matter; and

5. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall refund the hearing session deposit in the amount of \$400.00 previously deposited with the NASD by the Claimant. The NASD shall retain the hearing session deposit in the amount of \$300.00 previously deposited with the NASD by the Respondent Shearson Lehman Hutton, Inc. and Shearson Lehman Hutton, Inc. shall pay to the NASD the sum of \$500.00 as forum fees.

Dated: 01/14/91

Sidney W. Mandel, Esq.  
Presiding Chair  
Public Arbitrator

Dated: \_\_\_\_\_

John Hansgen  
Public Arbitrator

Dated: \_\_\_\_\_

Donald J. Morton  
Industry Arbitrator

incurred in this matter; and

5. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall refund the hearing session deposit in the amount of \$400.00 previously deposited with the NASD by the Claimant. The NASD shall retain the hearing session deposit in the amount of \$300.00 previously deposited with the NASD by the Respondent Shearson Lehman Hutton, Inc. and Shearson Lehman Hutton, Inc. shall pay to the NASD the sum of \$500.00 as forum fees.

Dated: \_\_\_\_\_

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Sidney W. Mandel, Esq.  
Presiding Chair  
Public Arbitrator

Dated: \_\_\_\_\_

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John Hansgen  
Public Arbitrator

Dated: 6/14/91

  
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Donald J. Morton  
Industry Arbitrator