

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Victor Lo

91-00705

Name of Respondents

Shearson Lehman Hutton, Inc.
(n.k.a Shearson Lehman Brothers, Inc.)
Chat Dudzik

REPRESENTATION

For Claimant: Edward Gould, Esq. of Gross, Minsky, Mogul & Singal, P.A.

For Respondents: William A. Hobauser, Associate General Counsel of Shearson
Lehman Brothers, Inc.

CASE INFORMATION

Statement of Claim filed: March 5, 1991

Claimant Victor Lo's ("Claimant") Submission Agreement signed on: February
25th, 1991.

Joint Statement of Answer filed by Respondents, Shearson Lehman Brothers,
Inc. and Chat Dudzik on: August 2, 1991.

Respondent, Chat Dudzik's ("Dudzik") Submission Agreement signed on: August
7, 1991.

Respondent, Shearson Lehman Brothers, Inc.'s ("Shearson") Submission
Agreement signed on: May 10, 1991.

HEARING INFORMATION

Pre-Hearing Conferences/Sessions: August 12, 1991, one session
October 25, 1991, one session

Hearing Dates/Sessions: August 15, 1991, two sessions
September 26, 1991, two sessions
September 27, 1991, two sessions
October 2, 1991, two sessions
October 25, 1991, two sessions
November 4, 1991, two sessions
November 25, 1991, two sessions

November 26, 1991, two sessions
December 2, 1991, two sessions

Hearing Location: NASD, Inc., Boston, Massachusetts

CASE SUMMARY

Claimant alleged that excessive trades were made in his account in order to generate commissions for Respondents and without consideration for Claimant's investment needs and objectives. Claimant alleged that on several occasions Dudzik bought and sold stock for Claimant's account without the authority to do so. Claimant alleged that Respondent's inappropriately used margin debt in his account and failed to disclose the risks involved in using margin. Claimant alleged that 84% of all trades by Dudzik in Claimant's account were in over the counter securities in which Shearson acted as a market maker and that no single trade was made in an over the counter security in which Shearson was not a market maker. Claimant alleged that Claimant's confirmation statements did not disclose the amount paid for securities by Shearson nor did they disclose the full mark up received by Shearson. Claimant alleged that Shearson received a higher pay-out in these trades than in others such that Shearson had an inherent conflict of interest with Claimant when it was acting as a market maker. Claimant alleged that there were unfair mark ups in over the counter securities in which Shearson acted as a market maker. Claimant alleged that Respondents breached their fiduciary duty they owed to Claimant. Claimant alleged that Shearson acted negligently and failed to properly supervise both Dudzik and Claimant's account. Claimant alleged that Respondents violated various sections of the NASD Rules of Fair Practice.

Respondents denied each and every allegation asserted by the Claimant. Respondents maintained that Claimant is a sophisticated, aggressive investor who desired short term gains. Respondent maintained that Dudzik would attempt to convince Claimant to invest in more conservative investment vehicles. Respondents maintained that investments in which Shearson made a market in were recommended to Claimant only after Shearson researched particular companies and Dudzik concluded, that based upon the available information, the investment held potential. Respondents maintained that they acted at all times in a professional and ethical manner.

RELIEF REQUESTED

Claimant requested an award of compensatory damages in the amount of \$480,248.43, plus interest, costs and attorney's fees.

Respondents requested that the Statement of Claim submitted by the Claimant be dismissed in its entirety, and that Respondents be awarded their costs including attorney's fees.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may 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

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondents are jointly and severally liable to the Claimant and shall pay to the Claimant the sum of One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00).
2. That each party shall bear their own costs, including attorneys' fees.

FORUM FEES

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

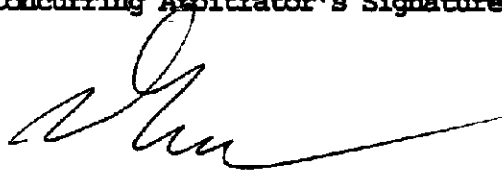
That the Claimant and Respondents shall equally split the forum fees associated with the 18 hearing sessions and two prehearing conferences. Claimant shall pay \$6300 which reflects costs for half the hearing sessions multiplied by the hearing session fee minus Claimant's hearing session deposit plus half the cost of the two prehearing conferences (18 divided by 2) x \$750 = \$6,750 minus Claimant's hearing session deposit of \$750 plus 2 pre-hearing sessions \$300 x 2 divided in half (\$600 divided by 2 = \$300 = \$6,300).

Respondents shall jointly and severally pay forum fees in the amount of \$7050 (18 sessions divided by 2) x \$750 = \$6,750 plus (2 prehearing sessions divided by 2 = \$300) = \$6,750 + 300 = \$7,050.00.

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

Concurring Arbitrator's Signature:

A handwritten signature in black ink, appearing to read 'David Love', with a long horizontal flourish extending to the right.


David Love, Esq.
Public Arbitrator/Chairperson

Date of Decision: December 30, 1991

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Concurring Arbitrator's Signature:

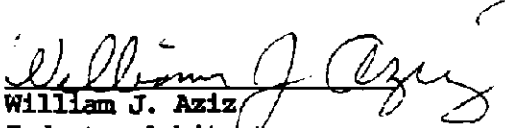
 12-24-91
Robert B. Woodman
Public Arbitrator

Date of Decision: December 30, 1991

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Concurring Arbitrator's Signature:


William J. Aziz
Industry Arbitrator

Date of Decision: December 30, 1991