

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Vincent R. Sneider

91-00745

Name of Respondent(s)

Shearson Lehman Brothers, Inc.
David Waddle

REPRESENTATION

For Claimant: Gerald Kline, Esq. of Bauer, Deitch & Raines, P.C. in Atlanta, Georgia.

For Respondents: Jamie Brownlee-Jordan, Esq. of Parker, Hudson, Rainer & Dobbs in Atlanta, Georgia.

CASE INFORMATION

Statement of Claim filed: March 8, 1991.

Claimant's Submission Agreement signed on: February 26, 1991

Joint Statement of Answer filed by Respondents on: June 21, 1991

Submission Agreement of Shearson Lehman Hutton, Inc. signed on: June 13, 1991

No Submission Agreement was executed by Respondent David Waddle as required by Section 25 of the Code of Arbitration Procedure despite due notice being given. The arbitrators take jurisdiction over Mr. Waddle pursuant to Section 12 of the Code of Arbitration Procedure.

HEARING INFORMATION

Hearing Dates/Sessions: February 4, 1992/two sessions
February 5, 1992/three sessions
March 20, 1992/two sessions
March 21, 1992/two sessions

Hearing Location: Atlanta, Georgia

CASE SUMMARY

Claimant Vincent R. Sneider alleged that, after investing in such securities as United Airlines, K-Mart, Wal-Mart, and Texas Air, that Respondents Shearson Lehman Hutton, Inc. and David M. Waddle engaged in the unauthorized purchase and sale of unsuitable investments and excessive trading. Claimant further alleged that Respondents disregarded his stated investment objectives of conservative investing and committed acts of unauthorized margin trading that subjected him to substantial unnecessary interest expense and substantial risk of loss through possible margin calls. Respondents Shearson Lehman Hutton, Inc. and David M. Waddle maintained that the Claimant was a sophisticated investor who affirmatively chose to engage in aggressive, speculative trading, that he authorized each and every trade executed in his account, and that based upon his stated investment objectives and substantial net worth, the trading was entirely suitable. Respondents also maintained that the trading activity in his account was not excessive in light of his investment objectives.

RELIEF REQUESTED

Claimant requested compensatory damages of not less than \$260,000.00, rescission of all unliquidated positions, pre-judgment interest at a per annum interest rate of not less than 6% to compensate Claimant for the lost use of his monies, exemplary damages against each of the Respondents as the arbitrators deemed appropriate plus costs, expenses and attorneys fees. Respondents requested that the claims of the Claimant be denied and asserted an Motion to Dismiss based upon the allegation that specific claims were time-barred.

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, the undersigned arbitrators have decided in full and final resolution of all issues submitted for determination as follows:

(1) Respondent Shearson Lehman Hutton, Inc. and David M. Waddle are jointly and severally liable and shall pay to the Claimant Vincent R. Sneider the sum of Nine Thousand Eight Hundred Dollars and No Cents (\$9,800.00) for failure to supervise certain aspects of certain transactions.

(2) The Claimant's claim for punitive damages is denied.

OTHER COSTS

(1) The parties shall each bear their respective costs including attorneys fees.

FORUM FEES

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

(1) The NASD, Inc. shall retain the \$750.00 hearing session deposit previously deposited by the Claimant and assesses the Claimant an additional \$2,625.00 in forum fees.

(2) Respondents Shearson Lehman Hutton, Inc. and David M. Waddle are jointly assessed \$3,375.00 in forum fees.

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

Concurring Arbitrators' Signatures

Richard Allan Kaye, Esq. (chairperson)

Public Arbitrator



Douglas T. Noonan, Esq.

Public Arbitrator

Catherine R. McClellan

Industry Arbitrator

Dated: July 13, 1992

91-745

OTHER COSTS

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Date of Decision: July 13, 1992

Dated:

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