

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Eleanor De Liban

vs.

NASD Arbitration  
No. 91-00913

Name of Respondents

Shearson Lehman Hutton, Inc.  
Michael Farah

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REPRESENTATION

For Claimant: David C. Hinshaw, Esq. - Gansinger Hinshaw Buckley & Schauer

For Respondent: Michael M. Glass, Esq. - Keesal Young & Logan

CASE INFORMATION

Statement of Claim filed: March 21, 1991

Claimant's Submission Agreement signed on: March 15, 1991

Joint Statement of Answer filed by Respondents, on: June 13, 1991

Respondent, 's Submission Agreement signed on: May 24, 1991

HEARING INFORMATION

Pre-Hearing Conference: None

Hearing Dates/Sessions: September 14, 1992 - Two Sessions  
September 15, 1992 - Two Sessions  
September 16, 1992 - Two Sessions

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimant, Eleanor De Liban (De Liban) alleged that, through the acts and commissions of Respondents, Shearson Lehman Hutton, Inc. and Michael Farah, and their negligent misrepresentations, De Liban purchased investments in common stocks and limited partnerships which were unsuitable. De Liban also alleged breach of fiduciary duty, and the failure of Respondents to follow the rules and regulations of the NASD and NYSE in handling De Liban's account.

Respondents deny each and every allegation of the claim and assert affirmative defenses of ratification, contributory negligence and failure to mitigate damages; It is also alleged that she fully understood all risks associated with her investments and that Claimant had full control over investment decisions in her account and any losses which were incurred were as a result of market price fluctuations beyond the control and responsibility of Respondent.

#### RELIEF REQUESTED

Claimant requested an award of \$650,000.00, interest and punitive damages

Respondents requested dismissal of the claim in its entirety and costs.

#### 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 original(s) remain on file with the NASD.

#### AWARD

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

1. Respondents, Shearson Lehman Hutton, Inc. and Michael Farah are jointly and severally liable and shall pay to Claimant, Eleanor De Liban, the sum of \$52,500.00 plus interest thereon at the legal rate from the date of the filing of the claim until paid in full.
2. Claimants claim for punitive damages is dismissed.
3. The parties shall each bear their respective costs and fees, including attorneys' fees.

#### FORUM FEES

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

1. Respondents, Shearson Lehman Hutton, Inc. and Michael Farah, are jointly and severally assessed Forum Fees of \$3,000.00 representing one-half of the total fees assessed for six hearing sessions at \$1,000.00 each.
2. Claimant, Eleanor De Liban, is assessed Forum Fees of \$2,000.00, representing one-half of the total fees assessed for six hearing sessions, less the \$1,000.00 previously deposited with the NASD.

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

ARBITRATORS

Public/Industry

Public Arbitrator

Public Arbitrator

Industry Arbitrator

Consent to Arbitration: Signatures

DATE SERVED: 09/29/92

Luther D. Prater  
Luther D. Prater 1

Date of Decision: 9/24/92