

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Helen P. Stevens

91-01342

Name of Respondent(s)

Shearson Lehman Hutton, Inc.

Kidder, Peabody & Co., Incorporated

Richard Frederick Church

REPRESENTATION

For Claimant: Walter Middlecamp

For Respondent: Shearson Lehman Hutton, Inc., Thomas C. Sand, Esq. of  
Miller, Nash, Weiner, Eger & Carlson

CASE INFORMATION

Statement of Claim filed: April 29, 1991

Claimant's Submission Agreement signed on: April 5, 1991

Joint Statement of Answer filed by Respondents, Kidder, Peabody & Co, and  
Richard Frederick Church on: July 16, 1991

Statement of Answer filed by Respondent, Shearson Lehman Hutton, Inc. on  
June 17, 1991

Respondent, Kidder, Peabody & Co, Inc.'s Submission Agreement signed on:  
July 10, 1991

Respondent, Richard Frederick Church's Submission Agreement signed on:  
July 29, 1991

Respondent, Shearson, Lehman Hutton, Inc.'s Submission Agreement signed on:  
June 17, 1991

HEARING INFORMATION

Pra-Hearing Conference: December 2, 1991

One Session

Hearing Dates/Sessions: December 11, 1991

Two sessions

December 12, 1991

Two sessions

Five Sessions Total

Hearing Location: Portland, Oregon

### CASE SUMMARY

Claimant, Helen P. Stevens (Stevens) alleged that Respondent, Richard Frederick Church (Church), while employed by Respondent Shearson Lehman Hutton Inc. (SLH), and later, with Kidder, Peabody & Co., Inc. (KP) was Stevens' account representative. Specifically, Stevens alleged that Church, while at SLH, sold claimant's Kodak stock and placed the proceed in a commodities trading limited partnership. Claimant asserts that said investment was unsuitable in light of claimant's lack of sophistication and the risks were not fully disclosed to her.

It is also alleged that unsuitable and excessive trades were made by Church when Stevens moved her account to KP.

Respondent, SLH, alleged that Stevens fully authorized the purchase of the commodities limited partnership and affirmatively decided not to liquidate the same despite ample opportunity to do so, at a profit.

Respondents, KP and Church, alleged that Church invested in highly rated securities and had a turnover ratio for the two year life of this account of only 2.3. It is also asserted that claimant's losses were limited and offset by her dividend and interest income.

### RELIEF REQUESTED

Claimant requested: Compensatory damages of \$32,425.00 and punitive damages of \$200,000.00.

Respondents requested: Dismissal of the claim in its entirety.

### ORDER ISSUED, CONFORMED AND 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. Respondent, Shearson, Lehman, Hutton, Inc., is solely liable and shall pay to Claimant, Helen P. Stevens, the sum of One Thousand Dollars and No Cents (\$1,000.00);
2. Respondent, Richard Frederick Church, is solely liable and shall pay to Claimant, Helen P. Stevens, the sum of Five Thousand Dollars and No Cents (\$5,000.00);
3. Respondent, <sup>15</sup>Shearson Lehman Hutton, Inc. and Kidder, Peabody & Co. Inc., are solely liable and shall pay to Claimant, Helen P. Stevens, the sum of Fifteen Thousand Dollars and No Cents (\$15,000.00).

4. The parties shall each bear their respective costs.
5. Respondents, Shearson Lehman Hutton, Inc. and Kidder, Peabody & Co. Inc., shall reimburse claimant the sum of \$950.00 representing sums previously deposited with the NASD.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed.

Respondents Shearson Lehman Hutton, Inc. and Kidder, Peabody & Co. Inc. are jointly assessed forum fees in the amount of \$2,550.00 representing forum fees for: one pre-hearing session @ \$300.00, four regular hearing sessions @ \$750.00 less the \$750.00 hearing session deposit to be reimbursed to Claimant.

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

ARBITRATION PANEL

<u>Name</u>	<u>Public/Industry</u>
Lee Smith	Industry
Clyde Fahlman	Public
Jonathan Ross	Public Chairperson

Concurring Arbitrators' Signatures

\_\_\_\_\_  
Lee Smith

\_\_\_\_\_  
Clyde Fahlman

\_\_\_\_\_  
Jonathan Ross

7/25/92

Date of Decision: \_\_\_\_\_

Re-served March 2, 1992