

N.A.S.D. AWARD  
NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of Arbitration Between

Name of Claimant(s)  
OWEN PYLE

CASE # 91-01740

Name of Respondent(s)  
SHEARSON LEHMAN HUTTON, INC.

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REPRESENTATION

For Claimant:

Owen Pyle, Claimant  
P.O. Box 23069  
Anchorage, KY 40223

Robert Pyle (Claimant's Son)  
7802 South Cheney-Spokane Road  
Spokane, WA 99204

For Respondent:

Hon. Lonnie Browne-Zangrillo  
Boose Casey Ciklin Lubitz Martens, etc.  
515 North Flagler Drive  
Northbridge Tower I - 19th Floor  
West Palm Beach, FL 33402-4626

CASE INFORMATION

State of Claim filed June 5, 1991

Claimant's Submission Agreement signed on May 30, 1991

Statement of Answer filed by Respondent, Shearson Lehman Hutton on  
August 2, 1991

Respondent Shearson Lehman Hutton's Submission Agreement signed on  
July 23, 1991

### HEARING INFORMATION

Hearing Date/Sessions: October 18, 1991; Two sessions were held.

Hearing Location: 501 Park Avenue,  
Louisville, KY 40208

### CASE SUMMARY

Claimant, OWEN PYLE alleges that the Respondent, Shearson Lehman Hutton, Inc., overcharged him commissions on U.S. Treasury Bond Strips. Claimant purchased Three Thousand (3,000) U.S. Treasury Bond Strips representing a face value of Three Million Dollars (\$3,000,000). The price quoted to him by the his broker, John Trimpe, was \$10.568, which included a commission of \$3.75 per bond (3/8). Mr. Pyle was unable to confirm the price of the bonds in the Wall Street Journal on the following day. Mr. Trimpe explained that his quote and the quote and the Wall Street Journal quote were different because of the time of day the Journal was printed.

On September 20, 1990, because of a decline in the price of the U.S. Treasury Bonds, Mr. Trimpe recommended that the Claimant sell his strips, take a tax loss, and repurchase the same number of strips. Although the Claimant changed his mind, the trade was made before the Claimant's change of mind was communicated to Mr. Trimpe. The Claimant was charged 1/8 of the sale of the strips and 3/8 on the repurchase of the strips. All commissions charged were in line with Shearson Lehman Hutton's established policies.

Claimant alleges that the commissions charged were excessive in light of the previous commissions charged him for tax-exempt bonds.

Respondent alleged that the commissions charged him for the trading in

U.S. Treasury Bond Strips were well within the NASD guidelines for reasonable commissions. The Respondent further denied any allegation of impropriety and affirmatively stated that if there was any "overcharge", the Claimant was barred from recovery under the doctrines of ratification, account stated, estoppel, waiver, and laches.

The Respondent alleges that prior to the July 2, 1990 purchase of U.S. Treasury Bond Strips, he and the Claimant agreed that the commission to be charged was  $3/8$  on the purchase and  $1/8$  on the sale. It further was further alleged that the commission quotes were negotiated and that they were within the boundaries of what is "fair and reasonable."

#### RELIEF REQUESTED

Claimant requested: Establishment of the price at which each of the three transactions occurred; set as a reasonable commission rate  $1/2\%$  of the price as verified; refund the excess charge plus interest at  $7\%$ . The Claimant alleges the overcharges to be \$25,443.

Respondent requested: Dismissal of the claim.

#### 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:

The respondent is liable and shall pay the claimant the sum of Seventy five hundred dollars (\$7500.00) inclusive of interest.

#### FORUM FEES

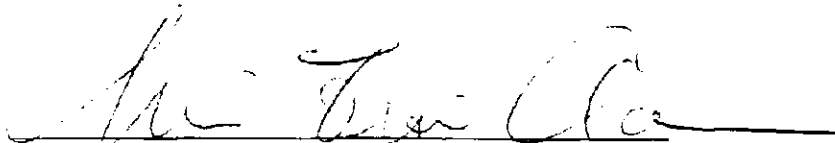
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

2 sessions x \$400.00 per session = \$800.00

Forum fees Assessed Against: The forum fees shall be assessed equally against the Claimant and the Respondent.

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

ARBITRATOR'S SIGNATURE

A handwritten signature in cursive script, appearing to read 'Amelia Franklin Adams', written over a horizontal line.

AMELIA FRANKLIN ADAMS,  
Public Arbitrator/Chairperson

Date of Decision: November 8, 1991

DATED BY NASD: November 25, 1991

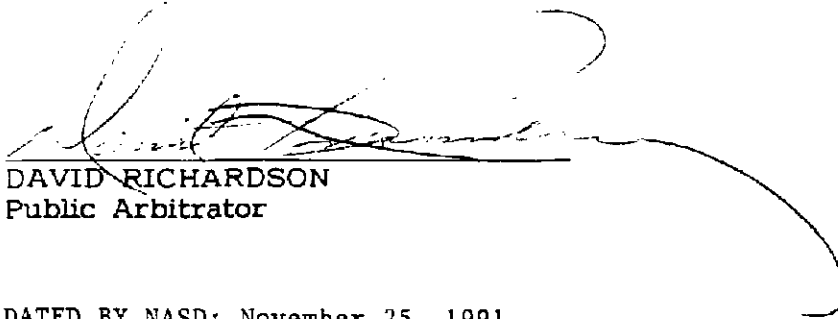
CONCURRING ARBITRATOR'S SIGNATURE

A handwritten signature in dark ink, appearing to read "James C. Stone, III", written over a horizontal line.

JAMES C. STONE, III  
Industry Arbitrator

DATED BY NASD: November 25, 1991

CONCURRING ARBITRATOR'S SIGNATURE



DAVID RICHARDSON  
Public Arbitrator

DATED BY NASD: November 25, 1991