

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Roy Davidson

Nancy Davidson

NASD Arbitration
No. 91-02009

Name of Respondent(s)

Shearson Lehman Brothers, Inc.

Arthur Robbins

REPRESENTATION

For Claimants: Irving M. Einhorn, Esq., Los Angeles, California

For Respondents: Timothy N. Will, Esq., Keesal, Young and Logan, Long Beach, California

William A. Echauser, Esq., Shearson Lehman Brothers, Inc., New York, New York

CASE INFORMATION

Statement of Claim filed: June 27, 1991

Claimants' Submission Agreement signed on: March 12, 1991

Joint Statement of Answer filed by Respondents on: September 6, 1991

Respondent Shearson Lehman Brothers, Inc.'s Submission Agreement signed on: August 19, 1991

Respondent Arthur Robbins did not submit a Submission Agreement. However, he appeared at the hearing and is subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction in accordance with Section 12 of the Code of Arbitration Procedure.

HEARING INFORMATION

Pre-Hearing Conference: March 10, 1992 - One Session

Hearing Date(s)/Sessions: June 16, 1992 - Two Sessions
June 17, 1992 - Three Sessions

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimants alleged breach of fiduciary duty, unsuitability, fraud, negligence and breach of contract in connection with securities transactions occurring in Claimants' margin account.

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Respondents denied Claimants' allegations of wrongdoing and requested dismissal of Claimants' claims.

RELIEF REQUESTED

Claimants requested:

1. Damages equal to their total investment in their account of \$97,935.00;
2. Interest on this amount at a rate of 8% from the date such funds were invested with Respondents until the date of receipt of any Award rendered in this proceeding;
3. Reimbursement for all costs and filing fees incurred by Claimants in pursuing this action;
4. Reimbursement for Claimants' attorneys fees expended in prosecuting this action;
5. Punitive damages in the amount of \$250,000.00 to compensate Claimants for Respondents' willful and callous disregard of their responsibilities owed to Claimants; and
6. Such other appropriate relief deemed necessary to effect justice.

Respondents requested:

1. Claimants take nothing by their complaint;
2. Attorneys' fees and costs; and
3. Such other and further relief as may be proper.

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. Respondent Shearson Lehman Brothers, Inc. is liable for and shall pay to Claimants the sum of \$38,502.00, inclusive of prejudgment interest.
2. Respondent Arthur Robbins is liable for and shall pay to Claimants the sum of \$38,500.00, inclusive of prejudgment interest.

Each of the above sums is to be borne individually by the respective Respondents.

3. Respondent Shearson Lehman Brothers, Inc. is solely liable for and shall pay to Claimants the sum of \$25,000.00 in punitive damages.
4. The parties shall each bear their respective costs including attorneys' fees.

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Arbitrator, Elliott Finkel concurs and dissents. Mr. Finkel agrees in the compensatory Award; however, he would not award punitive damages.

Agreeing with the overall Award, Arbitrator, Brian F. Stokes adds that he would have awarded a larger amount of punitive damages for Shearson Lehman Brothers, Inc.'s lack of supervision over its employee.

OTHER COSTS

None.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall refund the \$750.00 hearing session deposit previously deposited by the Claimants. Forum fees assessed against:

Respondent Shearson Lehman Brothers, Inc. in the amount of \$4,050.00, calculated as follows: Five hearing sessions times \$750.00/session plus one prehearing session times \$300.00/session.

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

ARBITRATORS

Name
Elliott Finkel, Esq.
Dale Hurd
Brian F. Stokes, Esq.

Public/Industry
Public Chairperson
Public Arbitrator
Industry Arbitrator

Concurring Arbitrators' Signatures

Elliott Finkel, Esq.

Dale Hurd

Brian F. Stokes, Esq.

Date of Decision: 8/9/92

Served August 25, 1992

9208138

Arbitrator, Elliott Finkel concurs and dissents. Mr. Finkel agrees in the compensatory Award; however, he would not award punitive damages.

Agreeing with the overall Award, Arbitrator, Brian F. Stokes adds that he would have awarded a larger amount of punitive damages for Shearson Lehman Brothers, Inc.'s lack of supervision over its employee.

OTHER COSTS

None.

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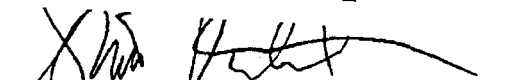
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ARBITRATORS

Public/Industry
Public Chairperson
Public Arbitrator
Industry Arbitrator

Signatures



Elliott Finkel, Esq.

Date of Decision: _____

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Elliott Finkel, Esq.

Dale Hurd

Brian F. Stokes, Esq.

Public/Industry

Public Chairperson

Public Arbitrator

Industry Arbitrator

Concurring Arbitrators' Signatures

Elliott Finkel, Esq.

Dale Hurd
Dale Hurd

Brian F. Stokes, Esq.

Date of Decision: 8/7/92

Served August 25, 1992