

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Michael and Sedishe Dezfouli

vs.

NASD #91-02079

Name of Respondents

Shearson Lehman Brothers, Inc.  
Gilbert Van Voorden  
Gene Vactor  
Ed Frickman

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REPRESENTATION

For Claimant: Leonard Steiner, Esq., of Steiner & Libo, Beverly Hills, California

For Respondents: Terry Ross, Esq., of Keesal, Young & Logan, Long Beach, California.

CASE INFORMATION

Statement of Claim filed: July 3, 1991

Claimant's Submission Agreement signed: August 1, 1991

Statement of Answer filed by Respondents on: October 18, 1991

Respondents' Submission Agreements signed on: None filed but respondents appeared at the hearing and are subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction in accordance with Section 12 of the NASD Code of Arbitration Procedure.

HEARING INFORMATION

Prehearing Conference(s) Date(s) Sessions: None

Hearing Date/ Sessions: April 30, 1992 (two sessions)  
May 1, 1992 (two sessions)  
May 12, 1992 (two sessions)  
May 13, 1992 (two sessions)  
May 28, 1992 (three sessions)

CASE SUMMARY

Claimant alleged Violation of Section 10(b) and 20 of the Securities Exchange Act of 1934 and Rule 10b-5 of the Securities Exchange Commission, fraud, deceit and omissions of material fact, lack of suitability, excessive trading, intentional and negligent misrepresentation, breach of fiduciary duty and implied covenant of good faith and fair dealing, breach of written contract, violation of New York Stock Exchange Rules 342, 401, 405, 352 and 353 and NASD Rules of Fair Practice, Article III, Section Two and 19(e) in the purchase of stocks and commodities.

Respondents specifically and generally denied all substantive allegations of the Statement of Claim and alleged that all purchases were authorized, supervision employed by Shearson was adequate and proper, failure to mitigate, and full disclosure was made regarding the investments.

RELIEF REQUESTED

Claimant requested:

1. Compensatory damages of \$274,500 plus interest;
2. Costs;
3. Return of commissions in the amount of \$129,900;
4. Punitive damages; and
5. Loss of invested capital.
2. 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 originals 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. All claims are dismissed;
2. The claim for punitive damages is dismissed.

3. The parties shall each bear their respective costs including attorneys' fees.

OTHER COSTS

None.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc. shall retain the \$750 hearing session deposit previously deposited by the claimant. Forum fees assessed against:

Against claimant for \$3,375.00

Against respondents, jointly and severally, for \$4,125.00

calculated as follows: Eleven hearing sessions times \$750.00/hearing sessions = \$8,250.00, divided equally between claimant and respondents (\$4,125.00 each) minus \$750.00 already paid by claimant.

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

ARBITRATION PANEL

Name

Public/Industry

Concurring Arbitrators' Signature

David P. Morgan

Public Arbitrator

Robert S. Clarke

Public Arbitrator

John McShane

Industry Arbitrator

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David P. Morgan

DATE SERVED: 07/02/92

  
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Robert S. Clarke

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John McShane

Date of Decision: June 25, 1992