

N.A.S.D. AWARD

Arbitration

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
One East Broward Boulevard
Suite 1000
Ft. Lauderdale, Florida 33301
(305) 522-7391

In the Matter of the Arbitration Between)

Name of Claimant(s))

Leonard M. & Geraldine E. Taylor)

Name of Respondent(s))

Shearson Lehman Hutton, Inc.)

James C. Knauff)

Case No. 91-02648

REPRESENTATION

For Claimants, Leonard M. and Geraldine E. Taylor ("Taylors"): Mitchell T. McRae, Esq.

For Respondents, Shearson Lehman Hutton, Inc. ("Shearson") and James C. Knauff ("Knauff"): Debra A. Jenks, Esq. of Boose Casey Ciklin, et al.

CASE INFORMATION

Statement of Claim filed: August 27, 1991. Claimants' Submission Agreement signed: August 1, 1991.

Respondents' Joint Statement of Answer filed: November 24, 1991. Respondents' Submission Agreements signed by Knauff on October 1, 1991, and by Bari Jane Wolfe, Esq., on behalf of Shearson on October 18, 1991.

HEARING INFORMATION

On August 27, September 29 and November 11 and 12, 1992, in Fort Lauderdale, Florida, hearings lasting eight (8) sessions were conducted.

CASE SUMMARY

Claimants alleged that they were inexperienced investors, nearing retirement, and were investing their life savings for retirement; and, that their investment objectives were income, safety of principal and low risk. Claimants alleged that Respondents, through Knauff, made misrepresentations of and omitted to state material facts; recommended and effected transactions in a "junk bond" mutual fund which was unsuitable for Claimants; and, that Respondents' actions constitute breach of fiduciary duties, fraud, negligent supervision by Shearson, and violation of Section 12(2) of the 1933 Securities Act and Section 517.301, Florida Statutes.

Respondents denied all allegations of wrongdoing and alleged that the Claim is unfounded; that any losses are due to market conditions; and, that Claimants were fully informed regarding the nature and risks of the investment.

3. Respondents are hereby assessed \$3,000.00, jointly and severally, payable to the National Association of Securities Dealers, Inc.

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

Concurring Arbitrators' Signatures

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Ronald Thomas Sparr, Esq.

Public

151
Stephen P. Miller

Industry

151
Jimmie R. Gregory, Esq.

Public

Date of Decision: November 30, 1992