

PUBLIC

NASD

N.A.S.D. AWARD

Arbitration

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, N.Y. 10004
FAX (212) 858-4389

In the Matter of the Arbitration Between

Name of Claimant

Anne Dunlop

vs.

Case #
91-03273

Name of Respondents

Shearson Lehman Brothers, Inc.
Richard Verrochi
Joel Raskin

REPRESENTATION

Claimant Anne Dunlop ("Dunlop") appeared pro se.

For Respondents Shearson Lehman Brothers, Inc. ("Shearson"), Richard Verrochi ("Verrochi") and Joel Raskin ("Raskin"), Christopher P. Litterio, Esq. and Eugene K. Landy, Esq. of the law firm of Shapiro, Israel & Weiner, P.C.

CASE INFORMATION

Statement of Claim filed on October 17, 1991.
Amendment to Statement of Claim filed on October 29, 1991.
Claimant's Submission Agreement signed on September 5, 1991.

Statement of Answer filed by Respondents on January 8, 1992.
Respondent Shearson's Submission Agreement signed on December 9, 1991.
Respondent Verrochi's Submission Agreement signed on March 11, 1992.
Respondent Raskin's Submission Agreement signed on February 28, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: June 29, 1992, 2 Sessions.
June 30, 1992, 2 Sessions.

Hearing Location: National Association of Securities Dealers, Inc. offices located in Boston, Massachusetts.

CASE SUMMARY

Claimant alleged that she was an inexperienced investor and that she suffered losses in her account as a result of mismanagement and errors by her account

representative, Respondent Verrochi. Claimant further alleged that Verrochi failed to follow her specific instructions regarding the payout of dividends and her investment objectives. Claimant further alleged that Verrochi made misrepresentations and omissions, upon which she relied, concerning the risks, potential returns, and redemption fees associated with Bond Funds she purchased. Claimant further alleged that the investments Verrochi induced her to purchase were unsuitable in light of her financial status and her stated investment objectives of diversification, income and preservation of capital. Claimant further alleged that Respondents Shearson and Raskin, Verrochi's branch manager, failed to adequately supervise Verrochi.

Respondents maintained that their conduct with respect to Claimant's account was proper and that Claimant was an experienced investor. Respondents further maintained that Claimant did not convey any instructions concerning the payout of dividends and that her stated investment objectives were risk and income with safety. Respondents further maintained that Verrochi explained the risks, potential returns on investment, and redemption fees associated with the Bond Funds purchased by Claimant. Respondents alleged as affirmative defenses that the Claimant was a knowledgeable investor who was aware of the risks in her investments and voluntarily undertook those risks; that the investments in Claimant's account were suitable in light of Claimant's investment objectives, knowledge and financial status; that Claimant authorized and ratified the trades in her account; that the Respondents acted with due diligence, in good faith, and with the degree of care required; that Shearson maintained an adequate system of internal control; and that any losses were the result of market conditions and Claimant's own informed decisions.

RELIEF REQUESTED

Claimant requested an award against the Respondents as follows:

1. The sum of Seventy Seven Thousand Dollars and No Cents (\$77,000.00) for actual damages.
2. The sum of Two Hundred Thirty One Thousand and No Cents (\$231,000.00) in punitive/treble damages.

Respondents requested that Claimant's claims be dismissed.

OTHER ISSUES CONSIDERED AND DECIDED

On June 24, 1992, Respondents filed an Amended Statement of Answer to assert another affirmative defense. This amendment was not allowed.

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. The arbitrators find for the Claimant, Dunlop, and only against Respondent Shearson in the sum of Five Thousand Eight Hundred Twenty Seven Dollars and No Cents. (5,827.00).
2. The Claim for punitive/treble damages is denied.
3. Each party shall bear its respective legal fees and costs.

FORUM FEES

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

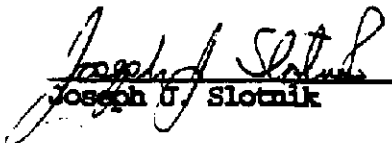
1. Claimant is assessed a non-refundable filing fee of \$200.00.
2. Claimant deposited \$950.00 with the NASD and will receive a credit for that amount.
3. Forum fees in the amount of \$3,000.00 for 4 sessions at \$750.00 per session are to be borne equally by Claimant and Respondents.
4. Therefore, Claimant shall pay the NASD the sum of \$750.00 to represent forum fees and Respondents shall pay the NASD the sum of \$1,500.00 to represent forum fees.

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

ARBITRATION PANEL

Lawrence R. Bowers, Esq.	-	Chairperson-Public
William F. Glaser, Jr.	-	Public
Joseph J. Slotnik	-	Industry

Concurring Arbitrator's Signature


Joseph J. Slotnik

Date of Decision: August 13, 1992

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:

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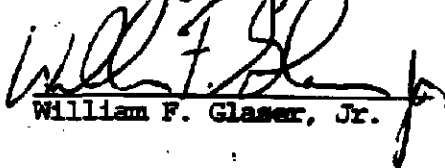
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