

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Shearson Lehman Brothers, Inc.

91-03853

Name of Respondent

Michel Lagravere

REPRESENTATION

For Claimant Shearson Lehman Brothers, Inc. ("Claimant"): Mark Alonso, a sole practitioner.

For Respondent Michel Lagravere ("Lagravere"): Alfred Ferrer, III, of Piper & Marbury.

CASE INFORMATION

Statement of Claim filed: December 5, 1991.

Reply to Counterclaim filed: June 18, 1992.

Claimant's Submission Agreement signed on: December 3, 1991.

Statement of Answer and Counterclaim filed by Respondent on: June 4, 1992.

Respondent's Submission Agreement signed on: December 1, 1992.

HEARING INFORMATION

Hearing Dates/Sessions:	December 1, 1992/2 sessions
	December 2, 1992/2 sessions
	December 3, 1992/2 sessions
	March 1, 1993/2 sessions
	March 2, 1993/2 sessions
	March 3, 1993/1 session

Hearing Location: NASD, New York, NY.

CASE SUMMARY

Claimant alleged Respondent entered into a client and commodity client agreement on or about January 15, 1991 at Claimant's branch office in Geneva, Switzerland. Claimant alleged that on October 15, 1991, James S. Kenton ("Kenton"), its Vice President and Associate General Counsel sent a letter to Respondent's attorneys in Geneva, Switzerland indicating there was a debit balance of U.S. \$76,229.62 in Respondent's account as of July 31, 1991 and requesting payment. Claimant alleged the letter also served as a demand for arbitration in the event Respondent did not pay the debt.

Claimant alleged that on October 18, 1991, Kenton sent a letter to Respondent at his home in Monaco, again requesting payment. Claimant alleged the letter also served as a demand for arbitration in the event Respondent did not pay the debt.

Claimant further alleged that various transactions in Respondent's commodity/futures account during July 1991 caused the account to have this debit balance. Finally, Claimant alleged that due to interest being charged on the prior debit balance, the debit balance grew to \$77,640.73.

Respondent denied there was any debit balance in his account as of July 31, 1991 or at any subsequent time. Respondent denied any interest was due from him or that any payments were due from him to Claimant.

Respondent alleged on his Counterclaim that from approximately January 15, 1991 he maintained a trading account with Claimant's office in Geneva, Switzerland. Respondent alleged his primary broker was Yves Gut ("Gut") and that he placed orders primarily by telephone. Respondent alleged that on July 12, 1991 he placed three (3) purchase orders in "FOREX" transactions. Respondent asserted later that day the market price of U.S. dollars was declining so he tried to contact Gut on his direct line, but it was busy. Respondent alleged he called Claimant's general phone number at the Geneva, Switzerland office and instructed the broker to place a stop loss order at 6.10 for the entire U.S. position. Respondent alleged Claimant's broker suggested the stop loss order be fixed at 6.1050 as a safety measure and Respondent accepted this suggestion. Respondent alleged he received a telephone confirmation several minutes later confirming the sale.

Respondent alleged he spoke with Gut later the following week whereby Gut informed him Claimant's back office wanted him to deposit more funds into his account. Respondent alleged he informed Gut his position had been closed out and then alleged Gut asserted Claimant's back office had made prior similar errors and he would look into the problem. Respondent alleged

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the matter was resolved. Respondent disputed Claimant's statement that the July 12, 1991 Order had not been placed immediately after he was informed of that position. Respondent alleged his attorney sent Claimant a letter on July 31, 1991 setting forth the circumstances of the July 12, 1991 sell Order. Respondent alleged Claimant failed to promptly execute and was negligent regarding the July 12, 1991 sell Order. Finally, Respondent alleged Claimant had previously failed to execute other trades including a May 31, 1991 Order.

Claimant responded to Respondent's Counterclaim and denied it was liable to him for any monetary amount. Claimant denied it failed to execute an Order and suggested Respondent did not attempt to call Gut on July 12, 1992; however, if Respondent wished to speak with Gut, Gut's phone would not have been constantly busy. Claimant denied Respondent instructed a broker at Claimant to place a stop loss order at 6.10 for the U.S. position. Claimant maintained Gut was present in the office during the first few days of the week after the alleged Order was placed. Claimant denied Gut made statements regarding errors made by Claimant's back office people, rather that Gut told Respondent a margin call in his account was to be covered.

Claimant denied Respondent gave a sell Order on July 12, 1991 and alleged that Gut sent to Respondent, by telefax, a weekly handwritten transaction report mentioning the dates of purchase and sale for that week.

RELIEF REQUESTED

Claimant requested: actual damages in the amount of \$76,229.62, plus interest at the legal rate of the State of New York from July 31, 1991 to the date of the Award; and that Respondent's Counterclaim be dismissed in its entirety.

Respondent requested: denial of Claimant's claim in its entirety; actual damages in the amount of \$375,057.47, inclusive of interest at the New York statutory rate of nine (9%) percent from the cause of action to March 17, 1993, attorneys' fees, disbursements, translator fees, expert fees, and forum fee deposits; additionally, an assessment of all additional forum fees against Claimant; punitive and/or treble damages; transcript costs; travel expenses; and an additional \$68.11 per day in interest from March 17, 1993 to the date of the Award.

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.

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AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Michel Lagravere is hereby liable and shall pay to Claimant Shearson Lehman Brothers, Inc. the sum of \$76,229.62. interest specifically excluded:
2. Respondent Michel Lagravere's Counterclaim against Claimant Shearson Lehman Brothers, Inc. is hereby denied:
3. All other claims and counterclaims are denied:
4. Each party shall bear its own expenses, including attorneys' fees, except that Claimant Shearson Lehman Brothers, Inc. is hereby liable and shall pay to Respondent Michel Lagravere the sum of \$750.00. Said amount to reimburse to Respondent the \$750.00 hearing session deposit previously paid to the NASD by Respondent.

OTHER COSTS

1. Respondent Michel Lagravere's request for travel expenses to be paid by Claimant Shearson Lehman Brothers, Inc. is granted in an amount to be determined by this arbitration panel in an Amended Award. Respondent must submit to the NASD and Claimant proof of all travel expenses within fourteen (14) calendar days of the date of this Award, wherein this arbitration panel will execute the Amended Award.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$500.00 and \$200.00 non-refundable filing fees previously deposited by Claimant and Respondent, respectively, and following Forum Fees are assessed.

11 sessions X \$750.00 = \$8,250.00 minus the hearing session deposit of \$600.00 and \$750.00 by Claimant and Respondent, respectively, which shall be retained by the NASD = net \$6,900.00 due.

Forum fees Assessed Against:

1. Claimant Shearson Lehman Brothers, Inc. is hereby liable and shall pay to the NASD the

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sum of \$6,900.00.

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

Arbitrator Signature

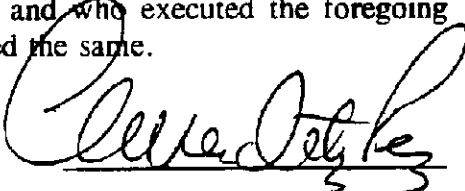

Dorothy F. Gray Public Arbitrator

Date of Decision: March 31, 1993

STATE OF

COUNTY OF

On this 26 day of March, 1993, before me personally appeared Dorothy F. Gray known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that she executed the same.


CARMEN ORTIZ PEREZ
Notary Public, State of New York
No. 31-4802513
Qualified in New York County
Commission Expires Jan. 31, 1995

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sum of \$6,900.00.

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

Arbitrator Signature


Erik D. Aschenbrenner/Industry Arbitrator

Date of Decision: March 31, 1993

STATE OF *New York*

COUNTY OF *New York*

SS # *112-50-7165*

On this *23rd* day of *MARCH*, 1993, before me personally appeared Erik D. Aschenbrenner known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

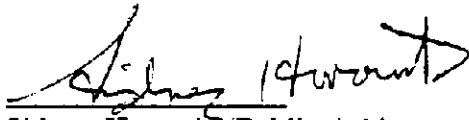
Bridget R. Higgins
BRIDGET R. HIGGINS
Notary Public, State of New York
No. 31-4978299
Qualified in New York County
Commission Expires Feb. 25, 19*95*

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sum of \$6,900.00.

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

Arbitrator Signature

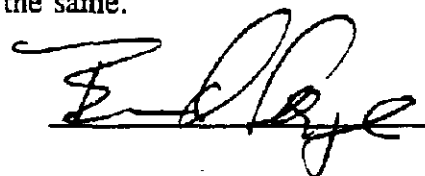
A handwritten signature in cursive script, appearing to read "Sidney Horowitz", is written over a horizontal line.

Sidney Horowitz/Public Arbitrator

Date of Decision: March 31, 1993

STATE OF *New York*
COUNTY OF *KINGS*

On this *22nd* day of *March*, 1993, before me personally appeared Sidney Horowitz known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.



Notary Public, State of New York
No. 24-7599460
Qualified in Kings County
Expires March 27, 1994

Notary Public, State of New York
No. 24-7599460
Qualified in Kings County
Expires March 27, 1994