

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Ken Bergeron. Mary Ann Bergeron.
Advanced Business Telephone Profit S.P.,
ABT Inc., ABT Trust. Gerald Bergeron.
Cathy Bergeron. Todd Bergeron. and
Daniel Bergeron

92-00257

Name of Respondents

Shearson Lehman Hutton. Inc.,
Ivan Hovey, and Chuck Sjostrom

REPRESENTATION

For Claimants at the hearing: David A. Brueggemann. Esq. of Arnold & McDowell.
Minneapolis. Minnesota.

For Respondents: Harry T. Walters. Esq. of Shearson Lehman Brothers, Inc., New York. New
York.

CASE INFORMATION

Statement of Claim filed: January 24, 1992.

Claimant's Ken Bergeron. Mary Ann Bergeron. Advanced Business Telephone Profit S.P., ABT
Inc., ABT Trust, Gerald Bergeron. Cathy Bergeron. Todd Bergeron, and Daniel Bergeron's
Submission Agreements all signed on: April 20, 1992.

Joint Statement of Answer filed by Respondents. Shearson Lehman Brothers, Inc., Ivan Hovey,
and Chuck Sjostrom on: July 9, 1992.

Respondent. Shearson Lehman Brothers, Inc.'s Submission Agreement signed on: July 7, 1992.
Respondent Ivan Hovey's Submission Agreement signed on: May 18, 1992. Respondent Chuck
Sjostrom's Submission Agreement signed on: May 15, 1992.

HEARING INFORMATION

Hearing Dates: February 9, 1993 for two (2) sessions.
February 10, 1993 for one (1) session.
February 11, 1993 for one (1) session.

Hearing Location: Minneapolis, Minnesota.

CASE SUMMARY

Claimants Ken Bergeron, Mary Ann Bergeron, Advanced Business Telephone Profit S.P., ABT Inc., ABT Trust, Gerald Bergeron, Cathy Bergeron, Todd Bergeron, and Daniel Bergeron, ("Claimants") alleged that Respondent Shearson Lehman Brothers, Inc. ("Shearson"), through its agents, Respondents Ivan Hovey ("Hovey") and Chuck Sjostrom ("Sjostrom") abused Claimants' accounts by making unsuitable investments and selling products where Shearson, Hovey, and Sjostrom made a lot of money. Claimants alleged that Shearson put him into proprietary limited partnerships, then into annuities which were in insurance companies that had huge positions in junk bonds, one of which was First Capital, then into tax-free bonds.

Respondents denied all allegations asserted in the Statement of Claim. In their Answer, Respondents included a Motion For A More Definite Statement of Claim. Respondents alleged that they made recommendations based on Claimants' investment objectives.

In their Amended Statement of Claim, Claimants set forth their claims with more particularity.

RELIEF REQUESTED

Claimants requested their principal, approximately \$250,000.00, plus interest, attorney's fees, and hearing costs. In their Amended Statement of Claim, Claimants requested an amount of \$88,080.91 for losses incurred from the limited partnerships, \$110,000.00 for interest on the monies invested in the limited partnership at a rate of six percent, \$200,000.00 for punitive damages, and other relief the panel may deem appropriate.

Respondent's requested that the Statement of Claim be dismissed in its entirety with costs.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed by 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 remains on file with the NASD.

Claimants filed a Request To Amend their Statement of Claim and the Amended Statement of Claim which included a More Definite Statement of Claim, and Respondents filed their answer to the request. Prior to the hearing, the panel granted the request to amend the Statement of Claim.

All claims except the claims relative to limited partnership investments and all claims against Respondent Chuck Sjostrom were withdrawn by the Claimants prior to the hearing. Chuck Sjostrom was dismissed with prejudice.

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 Claimant's Statement of Claim is denied in its entirety and dismissed with prejudice:
2. Each of the parties shall bear their own costs and expenses, including attorney's fees, other than those specifically enumerated herein.

FORUM FEES

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

4 sessions X \$750 = \$3000.00.

Pursuant to Section 43(c) of the Code of Arbitration, the NASD shall retain the nonrefundable filing fee in the amount of \$200, and shall retain the hearing session deposit in the amount of \$750 previously paid to the NASD by the Claimant.

Forum Fees are assessed against Claimants, jointly and severally, in the sum of \$750 and against Respondents Shearson Lehman Brothers, Inc., Ivan Hovey, and Chuck Sjostrom, jointly and severally, in the sum of \$1500.

Additional Forum Fees assessed by the panel are payable to the National Association of Securities Dealers, Inc.

By the Arbitration panel

Dated:

April 22, 1993



Janice K. Frankman, Esq.
Presiding Chair
Public Arbitrator

Douglas J. Nesbit
Public Arbitrator

Edward J. Hentges
Industry Arbitrator

Date Award Served By The NASD: 4-30-93


Additional Forum Fees assessed by the panel are payable to the National Association of Securities Dealers, Inc.

By the Arbitration panel

Dated:

Janice K. Frankman, Esq.
Presiding Chair
Public Arbitrator

4/22/93


Douglas J. Nesbit
Public Arbitrator

Edward J. Hentges
Industry Arbitrator

Date Award Served By The NASD: 4-30-93

Additional Forum Fees assessed by the panel are payable to the National Association of Securities Dealers, Inc.


By the Arbitration panel

Dated:

Janice K. Frankman, Esq.
Presiding Chair
Public Arbitrator

Douglas J. Nesbit
Public Arbitrator

4/23/93


Edward J. Hentges
Industry Arbitrator

Date Award Served By The NASD: 4-30-93