

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Paul D. Beechen

NASD Arbitration  
No. 92-00544

Name of Respondents

Shearson Lehman Brothers, Inc.  
David Serrato

REPRESENTATION

For Claimant: Richard Sacks, Investors Recovery Service

For Respondents: Kathryn L. Krebs, Esq., Keesal, Young & Logan, Long Beach  
California

CASE INFORMATION

Statement of Claim filed: February 13, 1992

Claimant's Submission Agreement signed on: January 9, 1992

Joint Statement of Answer filed by Respondents on: April 10, 1992

Respondents' Submission Agreements signed on: March 13, 1992

HEARING INFORMATION

Pre-Hearing Conference: None

Hearing Dates/Sessions: November 16, 1992 - Two Sessions  
November 17, 1992 - One Session

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimant, Paul D. Beechen (Beechen) alleged that Respondent, David Serrato (Serrato), while employed by Respondent, Shearson Lehman Hutton, Inc. (Shearson) sold Beechen \$100,000.00 worth of TWA 16% Debentures which later lost value when Shearson changed its opinion from "a hold" to "a sell". Beechen alleged that he was not told of this change and was told to retain his interest in spite of the decrease in the value of the bonds.

Respondents alleged that at the time Beechen purchased the TWA bonds, he was a sophisticated and knowledgeable investor who knew that higher yielding investment involved a higher degree of risk. It is also alleged that Beechen understood that there was possibility that any given corporation in which he may invest would go bankrupt and the possibility that the bonds would become worthless. It is also alleged that Beechen failed to mitigate his losses by selling the bonds.

#### RELIEF REQUESTED

Claimants requested recovery of loss of principal of \$75,000.00, recovery fees of \$20,000.00 and punitive damages.

Respondents requested dismissal of the claim in its entirety plus 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 original(s) 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. Respondent, Shearson Lehman Hutton, Inc., is solely liable and shall pay to Claimant, Paul D. Beechen, the sum of Twenty Thousand Dollars and No Cents (\$20,000.00).
2. If said award is not paid in full within 30 days of service of this award on the parties, Respondent, Shearson Lehman Hutton, Inc., shall pay to the Claimant interest on said award at the legal rate until paid in full.
3. The parties shall each bear their respective costs and fees, including attorney/recovery fees.
4. Claimant's claim for punitive damages is denied.

#### FORUM FEES

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

1. The NASD shall retain Claimant's hearing session deposit of \$500.00 as an assessment of Forum Fees.

2. Respondent, Shearson Lehman Hutton, Inc., is assessed and shall pay to the NASD the sum of \$1,000.00, representing assessments for two hearing sessions at \$500.00 each.

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

ARBITRATORS

Name

Public/Industry

Public Arbitrator

Public Arbitrator

Industry Arbitrator

Signatures

Date of Decision: \_\_\_\_\_

Served Dec 22, 1992

92-00544