

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant(s)

Ruth V. Rosenauer and Mark D. Lannin
Ruth V. Rosenauer, as Custodian for:
Mitchell R. Lannin, Teresa A. Scott and
Robert N. Scott

NASD Arbitration
No. 92-00670

Name of Respondent(s)

David L. Rush
Daniel J. DeGowin
Shearson Lehman Brothers, Inc.
Oppenheimer & Co., Inc.

REPRESENTATION

For Claimants: Jeffrey T. Makoff, Esq., Cohen, Nelson & Makoff,
San Francisco, California

For Respondents Shearson Lehman Brothers, Inc. and David L. Rush:
Neal S. Robb, Esq., Keesal, Young & Logan, Long Beach, California

For Respondents Oppenheimer & Co., Inc., David L. Rush and Daniel
J. DeGowin: Eugene L. Small, Esq., Oppenheimer & Co., Inc., New
York, New York

CASE INFORMATION

Statement of Claim filed: February 18, 1992

Claimants' Submission Agreements signed as follows:

Ruth V. Rosenauer and Mark D. Lannin: January 31, 1992

Ruth V. Rosenauer, as Custodian for Mitchell R. Lannin, Teresa A. Scott and Robert N. Scott: January 31, 1992
Mitchell R. Lannin: January 11, 1995
Teresa A. Scott: August 8, 1994
Robert N. Scott: August 16, 1994

Joint Statement of Answer filed by Respondents Shearson Lehman Brothers, Inc. and David L. Rush: April 22, 1992

Joint Statement of Answer filed by Oppenheimer & Co., Inc., David L. Rush and Daniel J. DeGowin: April 24, 1992

Respondents' Submission Agreements signed as follows:

Shearson Lehman Brothers, Inc.: June 16, 1992
Oppenheimer & Co., Inc.: April 24, 1992
David L. Rush: April 22, 1992 and June 15, 1992

Respondent Daniel J. DeGowin did not file a Submission Agreement. However, he is subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction in accordance with Section 12 of the NASD Code of Arbitration Procedure.

HEARING INFORMATION

Pre-Hearing Conference Date(s)/Session(s):

January 13, 1995 (one session)

Hearing Date(s)/Session(s): December 15, 1994 (two sessions)

December 16, 1994 (two sessions)

January 30, 1995 (two sessions)

January 31, 1995 (two sessions)

February 9, 1995 (two sessions)

February 10, 1995 (two sessions)

Hearing Location:

Los Angeles, California

CASE SUMMARY

Claimant alleged the following causes of action with respect to various securities transactions and limited partnership investments: 1) Unsuitable Securities Transactions; 2) Unauthorized Exercise of Discretion; 3) Unauthorized Use of Margin Borrowings; 4) Churning; 5) Suspected Conversion; 6) Breach of

Fiduciary Duty; 7) Failure to Supervise; and 8) Constructive Fraud.

Respondents Shearson Lehman Brothers, Inc. (Shearson) and David L. Rush (Rush) denied each and every charging allegation in the Statement of Claim and further denied that they are liable to the Claimants in any amount or for any reason whatsoever. Shearson and Rush alleged: 1) that Rush made no unsuitable trades for Ms. Rosenauer or her grandchildren, and each investment was within the goals and guidelines outlined by Ms. Rosenauer; 2) Rush never used discretion at any time in purchasing securities for Ms. Rosenauer or her grandchildren; 3) Ms. Rosenauer read and signed a margin agreement, and understood the risks and benefits of a margin account; 4) Ms. Rosenauer was never placed on margin without her prior knowledge and consent; and 5) Each of the claims made by Ms. Rosenauer and her grandchildren against Shearson and Rush are without merit. Respondents Shearson and Rush also asserted affirmative defenses.

Respondents Oppenheimer & Co., Inc. (Oppenheimer), David L. Rush (Rush) and Daniel J. DeGowin (DeGowin) denied the allegations of impropriety alleged in the Statement of Claim and further denied that they are liable to Ms. Rosenauer and Mr. Lannin in both their individual and custodial capacities under any theory of liability. Oppenheimer, Rush and DeGowin alleged that: 1) Ms. Rosenauer was a well informed investor who authorized each and every transaction in her Oppenheimer accounts (personal and custodial) after discussing the transactions with her brokers, Rush and DeGowin; 2) Ms. Rosenauer met frequently with Rush although less so with DeGowin and was fully apprised on a regular basis of the status of her investments; 3) At no time during the lifetime of her accounts with Oppenheimer did Ms. Rosenauer ever complain to Rush, DeGowin or anyone else at Oppenheimer that the investments in her accounts were inconsistent with her investment objectives, unauthorized, or otherwise improper; 4) Ms. Rosenauer praised both DeGowin and Rush for their input and concern over the handling of her accounts and their efforts in attempting to help her with her investment needs; and 5) In light of the nature of the relationship Ms. Rosenauer had with both Rush and DeGowin, her present complaints are simply incongruous. Oppenheimer, Rush and DeGowin also asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested awards in their favor as follows:

Against David L. Rush and Shearson Lehman Brothers, Inc.
jointly and severally;

Ruth Rosenauer Account

1. Rescission of the purchases of the following limited partnerships:

- A. American Entertainment II L.P. - \$5,000
- B. Balcor Current Income 87 L.P. - \$25,005
- C. Balcor Mobile Home Inc Fd L.P. - \$25,005
- D. Stamford Towers L.P. - \$25,000
- E. Shearson Union Sq Assoc L.P. - \$25,000
- F. Shurgard X L.P. - \$25,000
- G. Shearson Beverly Hills Med. L.P. - \$12,000
- H. Shearson Calif Raddison Plaza Partners L.P. - \$10,000

2. Compensatory damages for losses incurred to the account in an amount to be determined according to proof and accounting, at the arbitration hearing, which losses exceed in aggregate \$30,000.

3. Interest on the above amounts at the statutory rate from initial dates of occurrences until paid.

4. Costs of this proceeding including filing fees and representation fees.

5. Such other relief as the arbitrators may determine is just and equitable.

Mark D. Lannin UCGMA Account

1. Rescission of the purchase of \$10,000 Shearson Entertainment Partners L.P.

2. Rescission of the purchase of \$10,000 Shearson Entertainment Partners LP II.

3. Such other remedies as the arbitrators may deem appropriate.

Mitchell R. Lannin UCGMA Account

1. Rescission of the purchases of the following limited partnerships:

- A. American Entertainment Partners L.P. - \$10,000
- B. American Entertainment Partners II L.P. - \$10,000
- C. Participating Development Fund LP 86 - \$10,000

2. Such other remedies as the arbitrators may deem appropriate.

Teresa A. Scott UCGMA Account

1. Rescission of the purchases of the following limited partnerships:

- A. American Entertainment Partners L.P. - \$10,000
- B. American Entertainment Partners II L.P. - \$10,000
- C. Participating Development Fund LP 86 - \$10,000

2. Such other remedies as the arbitrators may deem appropriate.

Robert N. Scott UCGMA Account

1. Rescission of the purchases of the following limited partnerships:

- A. American Entertainment Partners L.P. - \$10,000
- B. American Entertainment Partners II L.P. - \$10,000
- C. Participating Development Fund LP 86 - \$10,000

2. Such other remedies as the arbitrators may deem appropriate.

Against David L. Rush, Daniel J. DeGowin and Oppenheimer & Co., Inc. jointly and severally:

Ruth Rosenauer Account

1. Rescission of the purchases of the following limited partnerships:

- A. Public Storage Income Fund 9 - \$50,000

2. Rescission of the purchase by the account of \$50,000 principal amount of Encore Marketing International, Inc.

exchangeable subordinated note.

3. Compensatory damages for losses incurred to the account in an amount to be determined according to proof and accounting, at the arbitration hearing, which losses exceed in aggregate \$50,000.

4. Interest on the above amounts at the statutory rate from initial dates of occurrences until paid.

5. Costs of this proceeding including filing fees and representation fees.

6. Such other relief as the arbitrators may determine is just and equitable.

Mark D. Lannin UCGMA Account

1. Rescission of the purchases of Valero Natural Gas Partners L.P. in the account - \$5,247

2. Compensatory damages for losses incurred to the account in an amount to be determined according to proof and accounting, at the arbitration hearing.

3. Such other remedies as the arbitrators may deem appropriate.

Mitchell R. Lannin UCGMA Account

1. Rescission of the purchases of Valero Natural Gas Partners L.P. in the account - \$3,618

2. Compensatory damages for losses incurred to the account in an amount to be determined according to proof and accounting, at the arbitration hearing.

3. Such other remedies as the arbitrators may deem appropriate.

Teresa A. Scott UCGMA Account

1. Rescission of the purchases of Valero Natural Gas Partners L.P. in the account - \$26,093

2. Compensatory damages for losses incurred to the account in an amount to be determined according to proof and accounting, at the arbitration hearing.

3. Such other remedies as the arbitrators may deem appropriate.

Robert N. Scott UCGMA Account

1. Compensatory damages for losses incurred to the account in an amount to be determined according to proof and accounting, at the arbitration hearing.

2. Such other remedies as the arbitrators may deem appropriate.

Respondents requested dismissal of Claimants' claims and requested costs and attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the evidentiary hearing, the panel was advised of Claimants' decision not to seek damages based upon Claimants' investments in the following four limited partnership investments: 1) Shearson California Radisson Plaza Limited Partnership; 2) Shearson Union Square Associates Limited Partnership; 3) Stamford Towers Limited Partnership; and 4) Participating Development Fund 86, Limited Partnership.

The panel determined that the Encore transaction is specifically excluded from recovery.

The parties have agreed that the Award in this matter may be executed in either 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.

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. Shearson Lehman Brothers, Inc. is solely liable for and shall pay to Ruth V. Rosenauer the sum of \$50,000.00.

2. Shearson Lehman Brothers, Inc. is solely liable for and shall pay to Mark D. Lannin the sum of \$10,000.00.

3. Shearson Lehman Brothers, Inc. is solely liable for and shall pay to Mitchell R. Lannin the sum of \$10,000.00.

4. Shearson Lehman Brothers, Inc. is solely liable for and shall pay to Teresa A. Scott the sum of \$10,000.00.

5. Shearson Lehman Brothers, Inc. is solely liable for and shall pay to Robert N. Scott the sum of \$10,000.00.

6. Oppenheimer & Co., Inc. is solely liable for and shall pay to Ruth V. Rosenauer the sum of \$140,000.00.

7. Oppenheimer & Co., Inc. and Daniel J. DeGowin are jointly and severally liable for and shall pay to Ruth V. Rosenauer the sum of \$10,000.00.

8. All claims by Claimants against Respondent David L. Rush are dismissed.

9. All claims by Mark D. Lannin, Mitchell R. Lannin, Teresa A. Scott and Robert N. Scott against Oppenheimer & Co., Inc. and Daniel J. DeGowin are dismissed.

10. The parties shall each bear their respective costs including attorney's fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall retain the \$750.00 hearing session deposit previously deposited by the Claimants. Forum fees are to be split between Ruth V. Rosenauer, Shearson Lehman Brothers, Inc. and Oppenheimer & Co., Inc. and are calculated as follows:

One pre-hearing session @ \$300.00/session	=	\$ 300.00
Twelve hearing sessions @ \$750.00/session	=	\$9,000.00
Total fees assessed	=	\$9,300.00
 Ruth V. Rosenauer's share (one-third)	=	 \$3,100.00
Credit for hearing deposit	=	\$ 750.00
Balance due	=	\$2,350.00

Shearson Lehman Brothers, Inc.'s
share (one-third) = \$3,100.00
Balance due = \$3,100.00

Oppenheimer & Co., Inc.'s share
(one-third) = \$3,100.00
Balance due = \$3,100.00

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

ARBITRATORS

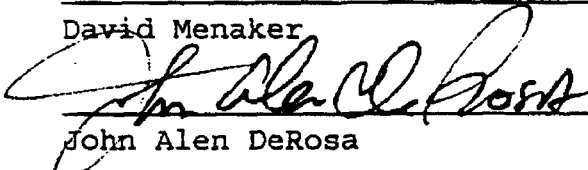
Name Public / Industry

Edward Kamenir, Esq.	Public Arbitrator
David Menaker	Public Arbitrator
John Alen DeRosa	Industry Arbitrator

Concurring Arbitrators' Signatures

Edward Kamenir, Esq.

David Menaker


John Alen DeRosa

Date of Decision: 3/8/95

Date Served: 3/14/95