

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Jerome Beckman

vs.

92-00793

Name of Respondent

Shearson Lehman Brothers, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 5, 1992, Claimant Jerome Beckman who appeared Pro Se, alleged that there was no continuity in the managing of his account at Respondent Shearson Lehman Hutton, Inc. and his accounts were handled by at least six different brokers whereby he was flipped flopped among so many brokers that nobody knew what was going on nor did it appear that they cared. Claimant further alleged that from December 1986 to January 1989 he was invested in The Hutton Government Series Fund which resulted in a loss of \$1,410.00. Claimant contended that Respondent was a full service firm charging full commissions and he received absolutely no service. Claimant further contended that his commodities account was traded excessively and any profits made were used to pay commissions which benefited Respondent. Claimant asserted that Respondent's inappropriate handling of his accounts and the commissions charged by the turnover of his investments, depriving him of a decent rate of return, caused him to sustain losses.

By an addendum dated August 19, 1992 Claimant amended his Statement of Claim, whereby he alleged that there was mismanagement and unsuitable investments made in his account due to Respondent's suggestion of the investment of the Criterion Fund and the investment of the Government Series Fund for a total loss of \$2,073.00.

Claimant asserted a Motion to Bar Respondent's Statement of Answer, pursuant to Section 25(b) (2)(iii) of the NASD Code of Arbitration Procedure, for their failure to file an Answer in a timely manner.

Respondent, Shearson Lehman Hutton, Inc. maintained that in December 1984 Claimant Jerome Beckman opened a securities account with E.F. Hutton and specifically, in August 1985, Claimant opened a commodities account. Respondent further maintained that during the time that Claimant maintained his accounts at E.F. Hutton and with Respondent, Claimant worked as an accountant and bookkeeper whereby he monitored the futures market through a computer

quotation system that provided market quotes, weather forecasts and crop reports. Respondent contended that all of the transactions in Claimant's commodities account were unsolicited and initiated by Claimant whereby Claimant's investment decisions were influenced in large part by the information he gathered through the computer quotation system. Respondent further contended that they deny that Claimant's account was mishandled in any way and Claimant's commodities account was handled by only two different financial consultants during the four years that the account was maintained at Respondent, at which time, Respondent asserts that Claimant's account was properly handled by both of those financial consultants. Respondent further contended that they deny that Claimant's account was churned and that Claimant received trade confirmations, in addition to monthly statements that enabled him to evaluate the performance of his commodities account. Respondent asserted that they have no record of any complaints by Claimant prior to the filing of this Statement of Claim and Claimant fails to specify any damages that resulted from Respondents alleged mismanagement of his account.

Respondent replied to Claimant's Motion to Bar and asserted that on June 18, 1992 they served their Answer to the Statement of Claim upon the NASD and upon Claimant, whereby Claimant has not been prejudiced in any way by the slight delay.

RELIEF REQUESTED

Claimant, Jerome Beckman requested \$10,000.00 in actual damages.

Respondent Shearson Lehman Hutton Inc. requested the claim be dismissed and the costs and expenses, including attorneys' fees be awarded to Respondent.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Casandra Mihalchik, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on February 28, 1992 and by the Respondent on June 18, 1992.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The Claimant, Jerome Beckman's Motion to Bar is denied.
2. Respondent Shearson Lehman Hutton, Inc. is liable and shall pay to the Claimant Jerome Beckman the sum of \$2,073.00 in damages.

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

4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Jerome Beckman shall be retained by the NASD, Inc.

5. Respondent Shearson Lehman Brothers, Inc. is liable and shall pay to the Claimant the sum of \$150.00 as reimbursement.

AFFIRMATION

I, CASANDRA MIHALCHICK, ESQ., do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

Cassandra M. Mihalchick, Esq.
Signature of Arbitrator

Date of Decision: December 2, 1992