

PUBLIC

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between ;

Roy J. Adams, TTEE, Roy J. Adams u/a/d 1/2/90 ;

Roy J. Adams, TTEE, Roy J. Adams u/a/d 2/5/90 ;

Roy J. Adams, Executor, Estate of Alfrec O. Adams: ;

Claimant ;

vs. ;

Shearson Lehman Brothers, Inc. ;

Respondent ;

CASE #92-00797
AWARD

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 5, 1992, Claimant Roy J. Adams, TTEE, who appeared Pro Se, alleged that Respondent Shearson Lehman Brothers, Inc. removed, without authorization, Texas & Pacific Ry bearer bonds and replaced them with registered bonds, which are less liquid. The Claimant further alleged that this occurred with Southern Railway Co. bearer bonds also, wherein they were substituted for less liquid, registered bonds. The Claimant contended that, in an attempt to correct the unauthorized entries, he ordered out all his bonds, but the Respondent has failed to deliver them. Claimant Roy J. Adams alleged further that Respondent Shearson Lehman Brothers, Inc. has refused to deliver to him his Northern Pacific Ry Co. bearer stamped bonds, and that the firm is withholding his personal property.

Respondent Shearson Lehman Brothers, Inc. through its in-house counsel, William A. Hohauser, Esq., maintained that because transfer agents generally refuse to deliver bearer bonds to individuals, a purchase of bearer bonds is possible, but they cannot be delivered without first being switched to registered form. The Respondent further maintained that it has made many attempts to reconcile the situation through both delivery in an alternative form and through settlement, but the Claimants' unwillingness to resolve this matter has caused Respondent Shearson Lehman Brothers, Inc. to expand substantial costs. Respondent Shearson Lehman Brothers, Inc. contended that it acted in a professional and ethical manner and in record with all exchange and governmental regulations.

Claimant Roy J. Adams filed a response to Respondent Shearson Lehman Brothers, Inc. answer in which he requested the Respondent's answer be precluded, and in which he states he never refused to accept a settlement from the Respondent.

RELIEF REQUESTED

Claimant Roy J. Adams, TTEE requested \$1,862.50, plus \$4,400.00 for time spent on this arbitration, and return of the NASD filing fee.

Respondent Shearson Lehman Brothers, Inc. requested the claims of the Claimant be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Harry E. Jennings, Jr., 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 24, 1992 and by the Respondent on July 29, 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. Respondent Shearson Lehman Brothers, Inc. is liable and shall pay to Claimant Roy J. Adams, TTEE \$1,571.75 in actual damages, inclusive of interest.
2. Respondent Shearson Lehman Brothers, Inc. is liable and shall pay to Claimant Roy J. Adams, TTEE \$400.00 representing costs, pursuant to the Washington State Securities Act RCW 21.20.430.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc. Respondent Shearson Lehman Brothers, Inc. shall pay to the NASD \$150.00 as an assessed forum fee.

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AFFIRMATION

I, **HARRY E. JENNINGS, JR.**, 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.



Signature of Arbitrator

DATE OF DECISION: September 10, 1992