

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Gary D. Fraelich

NASD Arbitration
No.92-01402

Name of Respondents

Shearson Lehman Brothers, Inc.
L. Scott Crenshaw

REPRESENTATION

For Claimant: William R. Meyer, Esq., Meyer & Associates, Portland, Oregon

For Respondents: M. Max Williams, II, Esq., Miller, Nash, Wiener, Hager & Carlsen,
Portland, Oregon

CASE INFORMATION

Statement of Claim filed: April 23, 1992

Claimant's Submission Agreement signed: April 20, 1992

First Amended Claim filed: August 3, 1992

Second Amended Claim filed: August 17, 1992

Joint Statement of Answer filed: September 25, 1992

Respondents' Submission Agreements signed:

Shearson Lehman Brothers: October 21, 1992

L. Scott Crenshaw: September 28, 1992

HEARING INFORMATION

Hearing Dates / Sessions: June 8, 1993 - 3 sessions
 June 9, 1993 - 3 sessions
 June 21, 1993 - 2 sessions

Hearing Location: Portland, Oregon

CASE SUMMARY

Claimant alleged churning, negligence, lack of suitability for trading on margin and for investments made in Claimant's IRA account, and failure to supervise.

Respondents denied the allegations. With respect to the churning claim, Respondents asserted that Claimant controlled his account and that the trading was not excessive in light of Claimant's stated objectives. Respondents further asserted that Claimant failed to state adequately any claim for negligence, negligent supervision or lack of suitability.

RELIEF REQUESTED

Claimant requested damages of \$57,224.00.

Respondents requested dismissal of all claims and an award of costs of arbitration.

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 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. Respondents are jointly and severally liable for and shall pay to Claimant the sum of \$15,000.00.
2. The parties shall each bear their respective costs, including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, all forum fees are to be split between the parties as follows:

Total fees:		
8 hearing sessions @ \$500/session	=	\$4,000.00
Claimant's one-half share:	=	\$2,000.00
<u>Credit for deposit</u>	=	<u>\$ 500.00</u>
	Balance due	<u>\$1,500.00</u>
Respondents' one-half share (assessed jointly and severally)		<u>\$2,000.00</u>

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

ARBITRATORS

<u>Name</u>	<u>Public/Industry</u>
	Public Chairperson
	Public Panelist
	Industry Panelist

Date Served: 07/09/93