

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Louis Vladem

92-01433

Name of Respondents

Shearson Lehman Hutton, Inc.
Albert Zand

REPRESENTATION

For Claimant, Louis Vladem ("Vladem"): Patricia A. Shub, Esq.

For Respondents, Shearson Lehman Hutton, Inc. ("Shearson") and Albert Zand ("Zand"): Debra A. Jenks, Esq. of Boose Casey Ciklin Lubitz Martens et al.

CASE INFORMATION

Statement of Claim filed: 4/27/92.

Claimant's Submission Agreement signed on: 4/15/92.

A Joint Statement of Answer filed by Respondents, Shearson and Zand on: 8/12/92.

Respondent, Shearson's Submission Agreement and Corporate Acknowledgment signed on: 7/17/92 by William Hohauser on behalf of the firm.

Respondent, Zand's Submission Agreement signed on: 8/4/92.

HEARING INFORMATION

Hearing Dates/Sessions: 12/21/93-two (2) sessions.
12/22/93-one (1) session.

Hearing Location: Fort Lauderdale, Florida.

CASE SUMMARY

Claimant alleged that he is an unsophisticated investor and that despite his stated investment objectives of preservation of capital and moderate income with a minimum of risk. Respondents purchased for his account at Shearson a highly risky, illiquid limited partnership, Hutton/GSH Commercial Properties 3 ("CP3"). Claimant further alleged that Respondents fraudulently concealed the true value of the limited partnership by falsely reporting through monthly and/or quarterly account statements that the limited partnership was worth the same amount of money as Claimant paid for the investment. Claimant stated that Respondents' actions constituted breach of fiduciary duty, violation of the Florida common law of fraud and negligent supervision on the part of Shearson.

Respondents denied all allegations of wrongdoing contained in the Statement of Claim and maintained that the purchase of CP3 was consistent with Claimant's investment objectives and that Claimant was provided with a prospectus of same and was fully aware of the illiquid nature of CP3 before he decided to invest in it. Respondents further stated that Claimant's allegations of fraudulent concealment have no foundation in law or fact, that Claimant was specifically advised that the value of CP3 as shown on his monthly account Statements did not reflect current market value.

RELIEF REQUESTED

Claimant requested an award against Shearson and Zand, jointly and severally, for rescission and/or for damages in an amount equal to the difference between the consideration paid for securities, plus interest thereon at the legal rate from the date of purchase, and the value of securities at the time they were disposed of, plus the amount of any income received on the securities. Claimant also requested costs and such other relief as the panel deems just and proper.

Respondents requested that the Claim be dismissed in its entirety and that Respondents be awarded their costs incurred in defending this action.

OTHER ISSUES CONSIDERED & DECIDED

1. Respondents made a Motion to Dismiss which was denied by the panel after careful consideration of the Motion and Claimant's Response thereto.
2. 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, Shearson and Zand, are found liable, jointly and severally and shall pay to the Claimant the amount of \$16,700.00 plus interest in the amount of \$7,500.00 for a total due to the Claimant of \$24,200.00. Additionally, Respondents shall pay to the Claimant post judgment interest at the legal rate of 12% per annum from December 22, 1993 to the date of payment of this Award.
2. Claimant's request for costs is hereby denied.

OTHER COSTS

The parties shall each bear their own costs incurred in connection with this proceeding, including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the panel has assessed forum fees in the amount of \$1,200.00 (three (3) hearing sessions X \$400.00).

1. Claimant is hereby assessed forum fees in the amount of \$400.00 payable to the NASD, Inc. Claimant is further assessed \$100.00 which represents the non-refundable filing fee owed by Claimant.
2. Respondents, Shearson and Zand, are hereby jointly and severally assessed forum fees in the amount of \$800.00 payable to the NASD, Inc.

ARBITRATION PANEL

Concurring Arbitrators' Signatures

/s/

Stan West, Esq.

Public/Chairman

/s/

Richard I. Gagnon

Public/Panelist

/s/

George L. Davis

Industry/Panelist

Date of Decision: January 31, 1994