

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

George Medvecky
David N. Ramona

92-02498

Name of Respondents

Shearson Lehman Brothers, Inc.
Andrew Stover

REPRESENTATION

For Claimants: Daniel E. Wolfson, Esq. of Wolfson & Associates.

For Respondents: Tom Knepper, Esq. of Neal Gerber et al.

CASE INFORMATION

Statement of Claim filed: July 28, 1992.

Claimants' Submission Agreements signed on: July 22, 1992.

Joint Statement of Answer filed by Respondents on: February 24, 1993.

Joint Supplemental Answer filed by Respondents on: September 21, 1993.

Respondent Andrew Stover's ("Stover") Submission Agreement signed on:
February 19, 1993.

As required, pursuant to Section 25 of the Code of Arbitration Procedure
("Code") Respondent Shearson Lehman Hutton, Inc. ("Shearson") did not file a
Submission Agreement.

HEARING INFORMATION

Pre-Hearing Conference:

November 2, 1993/1 session/1 arbitrator

Hearing Dates/Sessions:

November 3, 1993/3 sessions/3 arbitrators

November 4, 1993/3 sessions/3 arbitrators

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Hearing Location: NASD, Cleveland, OH

CASE SUMMARY

Claimant Medvecky alleged that Respondents made discretionary, unauthorized purchases and sales of options and stocks in highly speculative transactions, including Amgen and National Intergroup Inc.; purchased and sold options for the purpose of generating commissions; made retroactive transfers of profitable transactions from his account to the accounts of Respondents or Respondents' other clients; forged his signature on margin loan and other documents; and embezzled proceeds through the unauthorized transfer of funds from him and from his account to the personal accounts of Respondents.

Claimant Medvecky alleged Respondent Stover misrepresented or omitted material facts concerning the existence and profitability of the trades effected by him; and misappropriated and misdirected his assets.

Claimant Medvecky alleged Respondent Shearson failed to supervise Stover; failed to assure compliance by Stover with applicable statutes, rules and regulations governing the offer and sale of options and securities, the safeguarding of customer funds and the disbursement of customer assets; violated the Securities Act of 1933, the Securities Exchange Act of 1934, the rules and regulations of the Securities and Exchange Commission and the laws of the State of Ohio and the rules and regulations of applicable state and federal regulatory agencies; and violated the Racketeer Influence and Corrupt Organizations Act.

Claimant Ramona alleged that Respondents made discretionary, unauthorized purchases and sales of options and stocks in highly speculative transactions, including Johnson & Johnson and Upjohn.; purchased and sold options for the purpose of generating commissions; made retroactive transfer of profitable transactions from his account to the accounts of Respondents or Respondents' other clients; forged his signature on margin loan and other documents; and embezzled proceeds through the unauthorized transfer of funds from him and from his account to the personal accounts of Respondents.

Claimant Ramona alleged Respondent Stover misrepresented or omitted material facts concerning the existence and profitability of the trades effected by him; and misappropriated and misdirected his assets.

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Claimant Ramona alleged Respondent Shearson failed to supervise Stover; failed to assure compliance by Stover with applicable statutes, rules and regulations governing the offer and sale of options and securities, the safeguarding of customer funds and the disbursement of customer assets; violated the Securities Act of 1933, the Securities Exchange Act of 1934, the rules and regulations of the Securities and Exchange Commission and the laws of the State of Ohio and the rules and regulations of applicable state and federal regulatory agencies; and violated the Racketeer Influence and Corrupt Organizations Act.

Respondents denied unauthorized trading occurred; denied the accounts were churned; and denied all of the material allegations of the Statement of Claim.

Respondents further asserted that while Claimant Medvecky was trading with Shearson he opened an account with Olde Discount Corporation ("Olde"). Respondents contended that some of the examples of Claimant Medvecky's claimed "unauthorized" purchases by Stover were also purchased by Claimant Medvecky at the same time through Olde. Respondents submitted that the statistical likelihood of Stover repeatedly making "unauthorized" transactions in Claimant Medvecky's account, without his knowledge or consent, while at the same time Claimant Medvecky was buying the same securities at Olde was improbable and demonstrated that this matter was bought in bad faith.

RELIEF REQUESTED

Claimant Medvecky requested: actual damages in the amount of \$272,351.82; interest in the amount of \$74,475.00; attorneys' fees and punitive damages in the amount of \$757,357.28; and costs.

Claimant Ramona requested: actual damages in the amount of \$106,706.92; interest in the amount of \$55,396.92; attorneys' fees and punitive damages in the amount of \$324,207.68.

Respondents requested: the panel dismiss Claimants' claims; costs; expenses and attorneys' fees.

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

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originals remain on file with the NASD.

1. At the hearing on November 4, 1993, Claimant Medvecky settled his claims with Respondents:
2. The arbitrators have determined that Respondent Shearson is hereby bound by their rulings and determinations.

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. Claimant Ramona's claims against Respondents are denied;
2. Claimant Ramona's claims for punitive damages against Respondents are denied;
3. All other claims are denied;
4. Each party shall bear its own expenses, including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code, the NASD shall retain the \$250.00 non-refundable filing fee previously paid by Claimants and the following Forum Fees are assessed.

1 pre-hearing conference session X \$300.00 = net \$300.00 due.
6 sessions X \$1,000.00 = \$6,000.00 = net \$6,000.00 due.

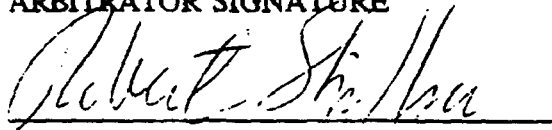
Forum fees Assessed Against:

1. Claimants are hereby liable in the amount of \$1,000.00; however, the NASD shall retain the \$1,000.00 hearing session deposit previously paid; therefore, the amount due and owing to the NASD equals \$0.00.
2. Respondents are hereby liable, jointly and severally, and shall pay to the

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NASD the sum of \$5,300.00.

ARBITRATOR SIGNATURE

A handwritten signature in cursive script, appearing to read "Robert Shiffra", is written over a horizontal line.

Robert Shiffra/Industry Arbitrator

Date of Decision: December 17, 1993

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NASD the sum of \$5,300.00.

ARBITRATOR SIGNATURE



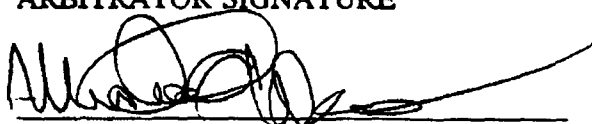
Jeffrey M. Bain, Public Arbitrator

Date of Decision: December 17, 1993

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NASD the sum of \$5,300.00.

ARBITRATOR SIGNATURE



Michael Wypasek/Public Arbitrator

Date of Decision: December 17, 1993