

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Estate of Willie Copeland, Rebie Morrow as
Administratrix

92-03186

Name of Respondent

Shearson Lehman Brothers, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on September 22, 1992, Claimant Rebie Morrow, Administratrix of the Estate of Willie Copeland, by and through Marvin S. Fish, Esq. of Slavitt, Fish and Cowen, Newark, NJ, alleged that Rebie Morrow under her capacity as Administratrix, opened a financial management account with Respondent Shearson Lehman Brothers, Inc. Claimant further alleged that on December 10, 1991 Rebie Morrow saw, for the first time, copies of checks drawn on the account which were furnished by the N.J. Lawyer's Fund for Client Protection in connection with an investigation being conducted into the affairs of Cecelia Faucette Cook, Esq. Claimant contended that after Ms. Morrow reviewed the checks and the signatures, she found eight checks payable to Ms. Cook that were not signed by herself, nor at her direction or request whereby they were forgeries of her signature. Claimant further contended that Ms. Morrow was unable to read the signature of one of the checks for \$11,423.83 which she never remembered signing and never gave authority for signing this check. Claimant asserted that since Respondent is not a "bank", no statutes applicable to banks apply to Respondent and there only remains the clear breach of an agreement between the parties which is admitted by Respondent's admission in it's Answer. Claimant further asserted because Respondent paid money from an account owned by Claimant based on forged signatures they caused Claimant to incur losses in it's account.

Respondent Shearson Lehman Brothers, Inc., by and through their counsel Matthew Farley, Esq. of Shanley & Fisher, New York, NY, maintained that it does not dispute the factual allegations of the statement of claim. Respondent further maintained that although the account was in Ms. Morrow's name, the mailing address was Ms. Cook's office and it is clear

the forgeries were never detected and reported by Ms. Morrow because she had delegated the receipt of statements and duty of examining the statements to Ms. Cook, the very agent who perpetuated the forgery. Respondent contended that N.J. Statute dictates that Claimant's failure to examine the monthly statements and her failure to promptly notify Respondent of irregularities absolutely bars Claimant from recovery on any forged checks whose payments were reflected on the monthly statements received by Claimant. Respondent further contended the N.J. law states that if a customer is negligent in reviewing his statements or fails to supervise an agent with access to the customer's checkbook, the customer is likewise barred from recovering, whereby Respondent asserted a Motion to Dismiss all claims.

RELIEF REQUESTED

Claimant Rebie Morrow, Administratrix of the Estate of Willie Copeland's Statement of Claim was reduced to \$10,000.00, when the hearing was waived by all parties.

Respondent Shearson Lehman Brothers, Inc. requested the claim be dismissed.

AWARD

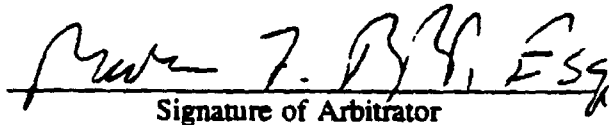
Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Marc L. Ripp, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on August 28, 1992 and by the Respondent on October 21, 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 claim of Claimant Rebie Morrow, Administratrix of the Estate of Willie Copeland against Respondent Shearson Lehman Brothers, Inc. is dismissed.
2. The parties shall bear their respective costs.
3. The \$650.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.

AFFIRMATION

I, MARC L. RIPP, 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.


Signature of Arbitrator

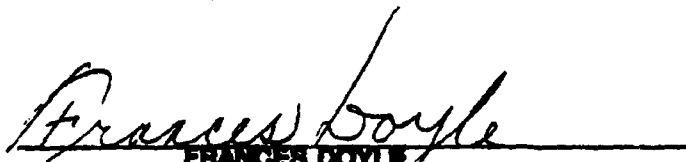
DATE OF DECISION: April 15, 1993

STATE OF: NEW JERSEY

ss:

COUNTY OF: ESSEX

On this 12th day of April, 1993, before me personally appeared Marc L. Ripp, Esq. to me known and known before me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.


FRANCES DOYLE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires August 28, 1996