

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

George K. Schopp

92-03194

Name of Respondent

Shearson Lehman Hutton, Inc.

REPRESENTATION

For Claimant, George Kenneth Schopp ("Schopp"): pro se.

For Respondent, Shearson Lehman Brothers, Inc. ("Shearson"): Robert J. Kuker, Esq. of Neal Gerber & Eisenberg.

CASE INFORMATION

Statement of Claim filed: September 21, 1992 and amended on March 11, 1993. Claimant's Submission Agreement signed on: September 17, 1993.

Respondent's Statement of Answer filed: December 9, 1992. Respondent's counsel stated that its Submission Agreement will be signed and returned to the NASD, Inc.

HEARING INFORMATION

On April 23, 1993, in Chicago, Illinois, a Pre-hearing Conference lasting 1 session was conducted via telephone conference call with an arbitrator.

On April 30, 1993, in Chicago, Illinois, a hearing lasting three (3) sessions was conducted.

CASE SUMMARY

Claimant alleged that Respondent violated the "Know Your Customer" Rule, falsified the New Account Information Form and solicited unsuitable investments in options. Specifically, Claimant alleged that Shearson's account executive did not elicit any of the appropriate information to assess his suitability to trade options; filled in false information to make it appear that Claimant was qualified to trade options; solicited options investments; and, falsely marked the confirmations "unsolicited".

Respondent denied all allegations of wrongdoing and alleged that Claimant developed a friendship with a Shearson account executive, David Bouldin ("Bouldin"), and opened an account to trade options in jewelry industry securities about which Claimant had considerable knowledge; that Bouldin asked all the appropriate questions and Claimant provided the information on the New Account Information Forms; that Claimant aggressively traded options, in spite of the risks about which he acknowledged awareness, until Shearson terminated his options trading due to the size of the position he had taken in Kay Jewelers calls; that following his losses in those options, Claimant went to work for Shearson under Bouldin's tutelage and mentorship, eventually transferring to the Bloomington, Illinois branch; and, that Claimant filed this claim two months after leaving Shearson.

RELIEF REQUESTED

Claimant requested compensatory damages of \$14,400.00 and punitive damages of \$15,600.00

Respondent requested dismissal, costs and attorney's fees.

OTHER ISSUES CONSIDERED & DECIDED

1. Prior to the hearing in this matter, Respondent's Motion for Change of Venue was denied; Claimant's motion to amend claim to increase compensatory damages and reduce punitive damages was granted; and, Respondent's Motion for Postponement was granted.
2. At the beginning of the hearing, Claimant moved for adverse inferences due to Respondent's failure to produce certain documents. That motion was denied without prejudice to renewal if Claimant deemed it appropriate.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Shearson Lehman Hutton, Inc. is liable for, and shall pay to Claimant, George K. Schopp the sum of \$5,700.00 as satisfaction of his claims herein.
2. Claimant's claim for punitive damages is hereby denied and dismissed with prejudice.
3. Respondent Shearson Lehman Hutton, Inc. is liable for, and shall pay to Claimant, George K. Schopp the sum of \$672.00 as an Award of his costs paid for Mr. Parks to attend the hearing, as well as, a return of Claimant's filing fee and hearing session deposit incurred in filing this arbitration.

OTHER COSTS

The parties shall each bear all other costs incurred by them (including attorney's fees).

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure (the "Code"), the following forum fees are assessed:

1 pre-hearing conference x \$300.00 = \$300.00

3 hearing sessions x \$300.00 = \$900.00

Pursuant to Section 43(c) of the Code, the NASD shall retain the nonrefundable filing fee in the amount of \$100.00, and shall retain the hearing session deposit in the amount of \$300.00 previously paid to the NASD by the Claimant.

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Additional forum fees in the amount of \$900.00 are assessed against the Respondent.

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

Concurring Arbitrator's Signature

Name

Date:

Donald E. Casey /s/

May 10, 1993

Donald E. Casey
Presiding Chairman
Public Arbitrator

Date of service by the NASD:

5-13-93

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