

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
In the matter of the Arbitration Between

Name of Claimants

Gerald and Annedore Pick

NASD Arbitration
No. 92-03307

Name of Respondents

E. F. Hutton, Inc. (Shearson Lehman Brothers, Inc.)

REPRESENTATION

For Claimant: John J. Gilligan, Esq. - Gyler Gilligan & Famularo - Long Beach, California

For Respondent: William A. Hohaus, Esq. - Shearson Lehman Brothers, Inc. New York, New York

CASE INFORMATION

Statement of Claim filed: September 30, 1992

Claimant's Submission Agreement signed: September 22, 1992

Statement of Answer filed by Respondents: January 4, 1993

Respondent's Submission Agreement signed: December 30, 1992

HEARING INFORMATION

Pre-Hearing Conference Date / Session: October 19, 1992 - One Session

Hearing Dates / Sessions: October 20, 1993 - Two Sessions
October 21, 1993 - Two Sessions
November 24, 1993 - Two Sessions

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimants, Gerald and Annedore Pick, (Picks), alleged that over the course of ten years

approximately three E.F. Hutton (now Shearson Lehman Brothers, Inc. (SLB)) account representatives pressured the Picks into making unauthorized trades or investments in highly speculative ventures such as options, speculative stock and other similar investments. Because of said activities, the Picks lost their entire life savings. Generally, the Picks alleged inadequate documentation, unsuitability, churning, unauthorized trading, lack of supervision and violation of rules, statutes, ordinances and codes relating to said activity.

Respondent, SLB, alleged that the losses sustained by the Picks were occasioned by the Picks' decisions and thus are not subject to recovery from the Respondent. The Picks were cautioned against making many of their proposed investments, often without success. A substantial portion of these losses was occasioned by two general stock market declines, which may have had a disproportionate impact upon the stocks that they purchased.

RELIEF REQUESTED

Claimant seeks recovery of damages in the sum of \$75,000.00, interest, punitive damages of \$2,000,000.00, costs and reasonable attorneys' fees.

Respondent seeks dismissal of the claim in its entirety plus costs and attorneys fees.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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 original remains 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. Respondent, Shearson Lehman Brothers, Inc., is liable and shall pay to Claimants, Gerald and Annedore Pick, the sum of Thirty Two Thousand Dollars and No Cents. (\$32,000.00).
2. Respondent, Shearson Lehman Brothers, Inc. is also liable and shall pay to the Claimants, Gerald and Annedore Pick, the sum of Fifty Thousand Dollars and No Cents (\$50,000.00) in punitive damages. The panel determined that there was a significant failure to supervise the account representatives employed by the Respondent to a degree that fell below the standard of care owed to the Claimants in the oversight of the investments recommended and purchased.
3. No interest is awarded.
4. The parties shall each bear their respective costs and fees, including attorneys

fees.

FORUM FEES

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

Total fees:		
1 Pre-hearing conference session @ \$300 / session	=	\$ 300.00
<u>2 Hearing sessions @ \$1,000/each</u>	=	<u>\$6,000.00</u>
Total Fees	=	\$6,300.00

Claimant's Portion:		
1/2 Total fees	=	\$3,150.00
<u>Less previously-deposited Hearing Session Deposit</u>	=	<u>\$1,000.00</u>
Balance Due	=	<u>\$2,150.00</u>

Respondent's Portion:		
1/2 Total fees	=	<u>\$3,150.00</u>

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

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Delores Smith	Public Chairperson
Larry Edmonson	Public Panelist
Thomas Doyle	Industry Panelist

Concurring Arbitrators' Signatures

Larry Edmonson