

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Rita McNamara Pleet

92-03432

Name of Respondents

Shearson Lehman Brothers, Inc.
Robert Priolo

REPRESENTATION

For Claimant: Rita McNamara Pleet appeared pro-se.

For Respondent, Shearson Lehman Brothers, Inc. and Robert Priolo: John P. Bevilacqua, of Shearson Lehman Brothers, Inc.

CASE INFORMATION

Statement of Claim filed: October 9, 1992.

Claimant's Submission Agreement signed on: October 7, 1992.

Statement of Answer filed by Respondents, Shearson Lehman Brothers, Inc. and Robert Priolo on: January 15, 1993.

Respondent, Shearson Lehman Brothers, Inc.'s Submission Agreement signed on: February 22, 1993.

Respondent, Robert Priolo's Submission Agreement signed on: February 25, 1993.

HEARING INFORMATION

Hearing Date/Sessions: June 2, 1993 - 2 Sessions.

Hearing Location: NASD Offices - New York, NY.

CASE SUMMARY

Claimant alleges that the Respondents showed improper and biased judgment in recommending the sale of AMAX notes to purchase shares in Unit Trust Corporate Income Fund High Yield Series 17 ("Unit Trust") which paid a lower return. Claimant alleges that she had been a client of Respondent, Shearson Lehman Brothers, Inc. ("Shearson") for about twenty five years. As a few days after Claimant's long-time financial advisor passed away, Claimant alleges that Respondent, Robert Priolo, ("Priolo") phoned her to discuss the handling of her account and an appointment was made for her to meet Priolo to discuss the details of her position. Claimant alleges that during this meeting, she told Priolo that because she was dependent on the investment income, she desired a conservative, low-risk investment strategy. Claimant alleges that Priolo understood this and recommended the purchase of shares of the Unit Trust with funds obtained through the sale of the AMAX notes. Claimant further alleges that she was not shown a prospectus of the Unit Trust; she was not told of Shearson's sponsorship of the Unit Trust; she was not told what the commission would be; she was given a vague figure of the rate of return; and she was never informed of any risk to either income or capital.

Respondents maintain that Claimant, who has been investing in financial markets for more than twenty years with Shearson, gave the appearance of being a well-educated and savvy investor of substantial wealth. Respondents allege that during the meeting between Claimant and Priolo, Claimant asserted that she wished to bring additional income into her account and she was not a novice investor and understood the risks of the market. Respondents maintain that Priolo advised Claimant against holding high yield items in her account, which Claimant refused to heed. Respondents allege that in light of Claimant's desire, Priolo suggested that she sell the AMAX notes and purchase units of the Unit Trust. Respondents maintain that, at this point in time, Claimant was given a prospectus and that the prospectus informs investors that there is a ten day period in which to renege on the purchase. Respondents maintain that the prospectus also states the commission for purchases. Respondents maintain that the decline in value of the investment was unforeseeable, and as such, they should not be responsible for Claimant's loss.

RELIEF REQUESTED

Claimant requested the sum of \$16,697.70 as compensation for losses, plus interest and costs of this arbitration.

Respondents requested that the Claimant's claims be dismissed in their entirety.

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 original remains on file with the NASD.

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) Respondents, Shearson Lehman Brothers, Inc. and Robert Priolo are hereby jointly and severally liable and shall pay to the Claimant the sum of \$6,000.00. This amount is inclusive of interest.
- 2) Each party shall bear their respective costs of this action, including attorney's fees, except that Respondents shall re-imburse to the Claimant forum fees in the amount of \$400.00 as detailed below.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed.

\$100.00	Non-refundable filing fee
\$600.00	Hearing Session fees (2 sessions x \$600.00)

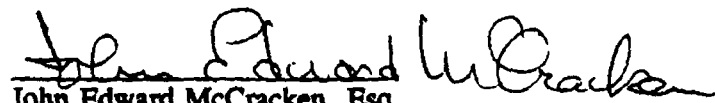
- 1) Total forum fees in the amount of \$700.00 are hereby assessed against the Respondents, Shearson Lehman Brothers and Robert Priolo, jointly and severally.
- 2) Respondents are hereby directed to re-imburse to the Claimant the amount of \$400.00 Claimant previously deposited with the NASD, Inc.

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- 3) Respondents are further directed to pay the balance of \$300.00 to the NASD, Inc.

Arbitrator's Signature
Name

Public Chairperson


John Edward McCracken, Esq.

Date of Decision: July 14, 1993

STATE OF NEW YORK ss.:

COUNTY OF NEW YORK

On this 7 day of JULY 1993, before me personally appeared John Edward McCracken, Esq. to me known and known before me to be the individual described in and who executed the foregoing instrument and she duly acknowledged to me that she executed the same. / /

LRS R. Ancel

LRS R. ANCEL
Notary Public, State of New York
No. 31-5591636
Qualified in New York County
Commission Expires August 31, 1994