

## N.A.S.D. AWARD

## NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Richardo B. Zamora

92-03859

Name of Respondent

Shearson Lehman Brothers, Inc.

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on November 16, 1992, Claimant Richardo B. Zamora, who appeared Pro Se, alleged that on or about January 16, 1989 he opened a full service brokerage account with Respondent Shearson Lehman Brothers, Inc. by and through its agent Mr. Bill Stone for the expressed purpose of buying and selling stocks of companies traded on U.S. National exchanges based upon the recommendations of Respondent communicated to Claimant through Mr. Stone. Claimant further alleged that upon opening this account, he discussed his investment objectives with Respondent by and through Mr. Stone whereby he advised them that his objective was to invest in safe, established companies that would yield dividends and appreciate modestly, at which time, Claimant expressly informed Respondent that his desire was not to invest in risky endeavors and that he wished to be fully informed of all relevant facts about the recommendations. Claimant contended that during November, 1989 Respondent, by and through Mr. Stone, telephoned him to recommend the purchase of American West Airlines stock whereby Claimant was assured that American West Airlines was a rather conservative growth stock with a relatively low price/earning ratio, at which time, Claimant requested that Respondent send some financial information about the investment. Claimant further contended that given the information that was communicated to him, he felt the recommendation was sound thus, on December 4, 1989, he purchased 500 shares of American West Airlines at \$10 1/4 share or a total of \$5,127.00 and subsequently, in the months following his purchase of the stock it plummeted. Claimant asserted that on December 10, 1989 Respondent, by and through Mr. Stone, recommended the purchase of Kroger Equity, Inc. by assuring Claimant that it suited Claimant's investment objectives as it paid a 10% dividend with a low risk and subsequently on December 18, 1989 he bought 300 shares of Kroger Equity, Inc. at a price of \$18.00 per share. Claimant further asserted that on

January 5, 1990 Respondent, by and through Mr. Stone, recommended the purchase of 200 shares of Panhandle Eastern by explaining that it was a conservative yet under-priced stock with great "up" potential and that it paid a \$2.00 per share dividend which fell within his investment objectives. Claimant argued that Respondent, by and through Mr. Stone, continually recommended that he purchase stocks that clearly did not meet his expressed investment objectives and failed to provide a prospectus of any company that Respondent recommended that he purchase, whereby Claimant incurred financial loss due to Respondent's inappropriate handling of his account.

Respondent Shearson Lehman Brothers, Inc., by and through their in-house counsel John P. Bevilacqua, Esq., maintained that Claimant Richardo B. Zamora opened an account with their Houston-Galleria branch on January 9, 1989 with financial consultant William Stone whereby Claimant's account was not opened as a result of a solicitation on the part of Respondent, but as a result of a phone call that he placed to the branch and the initial transaction was the transfer of three stocks from his then active account at the Houston Lehman branch. Respondent further maintained that Claimant neglects to mention that, contrary to the allegations of the Statement of Claim, he specified on his New Account Application that his investment objectives included both appreciation with risk and income with risk and when Claimant was approved for options trading in September 1991 he was given the opportunity to modify his investment objectives, which he did not do. Respondent contended that in order to enable Claimant to make informed decisions, Mr. Stone provided him with research reports and other pertinent information on each company prior to the purchase of the stocks in question. Respondent further contended that at the request of Claimant, Mr. Stone promptly enrolled him in dividend reinvestment programs for his eligible stocks. Respondent asserted that Claimant was given quality service and attention throughout the period that Mr. Stone served as his financial consultant thus the claim should be dismissed.

#### **RELIEF REQUESTED**

Claimant Richardo B. Zamora requested \$10,000.00 in actual damages.

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

#### **AWARD**

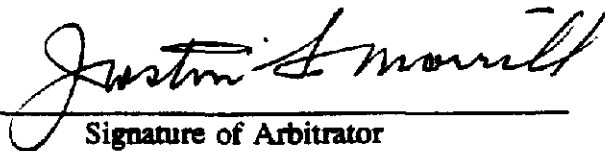
Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Justin S. Morrill, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on November 19, 1992 and by the Respondent on January 14, 1993.

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. Claimant's Motion to Compel Discovery is denied.
2. Respondent's Request for Production of Documents is denied.
3. Respondent Shearson Lehman Brothers, Inc. is liable and shall pay to the Claimant Richardo B. Zamora the sum of \$2,437.00 in damages.
4. The parties shall bear their respective damages.
5. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Richardo B. Zamora shall be retained by the NASD, Inc.

**AFFIRMATION**

I, JUSTIN S. MORRILL, 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.

  
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Signature of Arbitrator

DATE OF DECISION: May 18, 1993