

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

**Name of Claimants**

Joseph V. and Mara Lee Mayer

93-00165

**Name of Respondents**

Chuck Sjostrom and Shearson Lehman  
Brothers

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**REPRESENTATION OF PARTIES**

For Claimants, Joseph and Mara Lee Mayer at the hearing: Bruce Pearson, Fargo, North Dakota.

For Respondents, Shearson Lehman Brothers and Chuck Sjostrom at the hearing: Andrew Cohen, Esq. of Dorsey & Whitney, Minneapolis, Minnesota.

**CASE INFORMATION**

Statement of Claim filed: January 11, 1993. Claimants' Submission Agreement signed: December 22, 1992.

Joint Statement of Answer/Motion To Dismiss filed by Respondents, Shearson Lehman Brothers and Chuck Sjostrom: June 28, 1993. Amended Answer of Respondents, Shearson Lehman Brothers and Chuck Sjostrom filed: December 8, 1993.

Respondent, Shearson Lehman Brothers' Submission Agreement signed on: June 30, 1993.  
Respondent, Chuck Sjostrom's Submission Agreement signed on: June 28, 1993.

**HEARING INFORMATION**

Hearing date: May 10, 1994 for one (1) session.

Hearing Location: Minneapolis, Minnesota.

**CASE SUMMARY**

Claimants Joseph V. and Mara Lee Mayer ("Claimant") alleged that Respondent, Chuck Sjostrom ("Sjostrom"), as account executive for Respondent, Shearson Lehman Brothers ("Shearson") purchased the following limited partnerships which were alleged to be unsuitable investments and are now worthless: Hutton Con Am Realty limited

partnership, Hutton GSH Community Property limited partnership. Claimant alleged that Sjostrom and Shearson engaged in misrepresentation, negligence, common law fraud, and breached fiduciary duties.

Respondents, Shearson and Sjostrom, in their Motion To Dismiss which was filed initially as their Answer to the Statement of Claim, stated that pursuant to Section 15 of the NASD Code of Arbitration Procedure, the claim should be dismissed.

Respondents, Shearson and Sjostrom, in their Amended Answer, denied each and every allegation of wrongdoing contained in the Statement of Claim. In their Answer, Shearson and Sjostrom stated that the claim should be dismissed because the claims are ineligible pursuant to Section 15 and that the claims lack merit because the claimant knew the risks involved in holding limited partnership interests. Shearson and Sjostrom also stated that claimant failed to state a claim, failed to show causation, failed to show damages, assumed the risk, and are barred by the doctrines of Waiver, Estoppel, Ratification, and the Statute of Limitations.

#### **RELIEF REQUESTED**

Claimants requested the amount of \$38,000.00 which represents \$20,000 in principal, interest at 7%, representative fees of \$4000, and filing fees of \$300.

Respondents requested that the Statement of Claim be denied in its entirety and that they be awarded their costs.

#### **OTHER ISSUES CONSIDERED & DECIDED**

The Director ruled on the Respondent's Section 15 Motion To Dismiss and granted the motion with respect to the purchases made outside of the six year eligibility period and denied the motion with respect to the allegations of wrongdoing which were within the six year eligibility period.

During the hearing and after the claimant presented his case, counsel for respondents reasserted their Motion To Dismiss the claim based on the lack of evidence of wrongdoing within the six year eligibility period. The panel granted the Motion To Dismiss and the hearing was adjourned and the claim dismissed.

**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. The Statement of Claim is dismissed in its entirety;
2. Each of the parties shall bear their own costs and expenses unless stated otherwise herein.

**FORUM FEES**

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

1 hearing session x \$400 = \$400.00.

Pursuant to Section 43(c) of the Code, the NASD shall retain the nonrefundable filing fee in the amount of \$100, and shall retain the hearing session deposit in the amount of \$400 previously paid to the NASD by Claimants.

**By The Arbitration Panel:**

Dated:

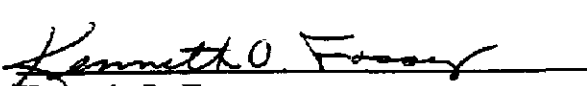
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Timothy L. Vocke, Esq.  
Presiding, Public Arbitrator

  
Charles L. Hickey  
Public Arbitrator

  
Kenneth O. Fossy  
Industry Arbitrator