

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

---

In the Matter of the Arbitration Between

Name of Claimants

Alfred and Antoinette Wehrheim

93-00681

Name of Respondents

Shearson Lehman Brothers, Inc. n/k/a  
Smith Barney Shearson, Inc.  
Michael Rago

---

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 24, 1993, Claimants Alfred and Antoinette Wehrheim, who appeared Pro Se, alleged that Respondent Michael Rago, through the Respondent firm Shearson Lehman Brothers, Inc., recommended the purchase of Illinois Housing Development Authority Bonds on a television program, stating the bonds would be "called" in about nine months. The Claimants further maintained that although they were led to believe the bonds would be called due to a pending litigation, they later discovered it was a different bond that was involved in litigation, not the one they owned. The Claimants contended that the Respondents should be held liable for the difference between the purchase price and sale price, since they were misled into believing the bonds would be called.

Respondent Shearson Lehman Brothers, Inc., through its in-house counsel, Ann Parry, Esq., maintained that at the time of purchase, the bonds were rated A+ by S&P, and that the Claimants' purchase of these bonds was in accordance with their objectives of investing in income producing issues. The Respondent further maintained that the Claimants fail to mention that by December, 1989 they had already gained more than \$14,000.00 in interest payments from the bonds. The Respondent Shearson Lehman Brothers, Inc. contended that the Claimants' allegations of misrepresentation are belied by the fact that they waited almost six years to bring this claim.

Respondent Michael Rago failed to file an Answer to the Statement of Claim.

### **RELIEF REQUESTED**

Claimants Alfred and Antoinette Wehrheim requested \$2,116.00 in actual damages.

Respondent Shearson Lehman Brothers, Inc. requested that the claims of the Claimants be dismissed.

Respondent Michael Rago failed to file an Answer to the Statement to Claim.

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

In accordance with Section 13 of the NASD Code of Arbitration Procedure, the Respondent Michael Rago was served a copy of the Statement of Claim by certified mail and given an opportunity to respond, which he failed to do. Notice of the claim and of the arbitrator's identity were received by the Respondent as evidenced by the signed return receipt cards for packages sent.

Pursuant to the By-Laws of the NASD the arbitrator determined that Respondent Michael Rago had notice of the claim and was required to submit to this arbitration proceeding and is, therefore, bound by the arbitrator's ruling and determination.

### **AWARD**

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Stuart M. Widman, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on August 24, 1993, by the Respondent Shearson Lehman Brothers, Inc. on June 9, 1993, but not by Respondent Michael Rago as required by Sections 12 & 13 of the NASD Code of Arbitration Procedure.

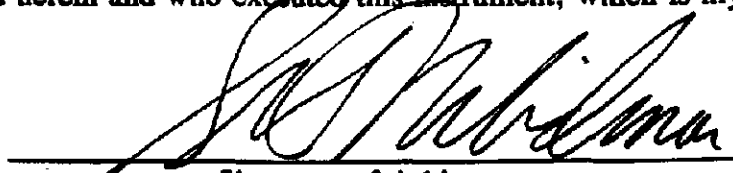
And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimants Alfred and Antoinette Wehrheim against Respondents Shearson Lehman Brothers, Inc. and Michael Rago are dismissed in their entirety.
2. The parties shall bear their respective costs.

3. The \$50.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants shall be retained by the NASD, Inc.

**AFFIRMATION**

I, **STUART M. WIDMAN, 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.

  
\_\_\_\_\_  
Signature of Arbitrator

**DATE OF DECISION:**      December 8, 1993