

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Dan J. & Patricia A. Yancey

93-03829

Name of Respondent

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

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on September 24, 1993, Claimants, Dan J and Patricia A Yancey, who appeared Pro Se, alleged that respondent Shearson Lehman Brothers, Inc. n/k/a Smith Barney, through it's representative, Mark Lewis were offered 6.5% tax free Arkansas Development Agency Bonds with a yield of 7.868% and that he stated the bonds were callable at 103%. The Claimants further alleged that when the bonds were called on May 1, 1993 the expected to receive \$25,750.00, but instead got only \$19,465.00 and when they questioned this, they were told it was an error that would be corrected, but instead of receiving the full amount, they received only \$980.00, so that they would realize the prevailing yield of 6.1%. The Claimants contended that it is the obligation of the Securities dealer to provide the customer with all the facts surrounding the purchase of any security, and further that since any normal callable coupon bond is callable at a percentage of face value and the bond was not represented as a discounted bond, Claimants should be compensated for their losses.

Respondent, Shearson Lehman n/k/a Smith Barney, Inc. through its in-house counsel, Ellen Slipp, Esq., maintained that although it regrets mistaken information was provided to the claimants regarding the bonds, Claimants did not incur any damages from that mistake since they held the bonds for two and a half years, until call date and should have received \$4,062.50 in interest payments. Respondent, Shearman Lehman Brothers, Inc. n/k/a Smith Barney, Inc., contended that the claim should be dismissed.

In a reply to the amended answer, the Claimants contended that they did lose money, since instead of receiving 103% of the face value as advertised, they received less than was paid for the bonds. The Claimants reiterated they are entitled to recover their losses.

RELIEF REQUESTED

Claimants, Dan J. and Patricia A. Yancey, requested \$4,555.00 in actual damages.

Respondent, Shearman Lehman Brothers, Inc., n/k/a Smith Barney, Inc., requested that the claims of the Claimants be dismissed.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, B. Jeffery Pence, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on September 20, 1993 and by the Respondents on November 5, 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. The claims of the Claimants, Dan and Patricia Yancey against Respondent, Shearman Lehman Brothers, Inc. n/k/a Smith Barney, Inc. are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Dan J. and Patricia A. Yancey, shall be retained by the NASD. Respondent, Smith Barney is liable and shall pay \$125.00 to the Claimants as reimbursement of the filing fee.

Affirmation

STATE OF ARKANSAS } SS:
COUNTY OF PULASKI }

I, B. Jeffrey Pearce, do hereby affirm upon my oath as arbitrator that I am the individual described in and who executed this instrument, which is my oath and award.

B. J. [Signature]
Signature of Arbitrator

DATE OF DECISION: APRIL 27, 1995