

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimants

Ted and Alyce Stroud

NASD Arbitration

No. 93-03843

v.

Name of Respondents

Shearson Lehman Brothers, Inc.

Kim Williams

REPRESENTATION

For Claimants: David Skellenger, Esq. - Skellenger, Bender, Mathias & Bender, P. S., Seattle, Washington

For Respondents: Neil A. Sussman, Esq. - Smith Barney, Inc., New York, New York

CASE INFORMATION

Amended Statement of Claim filed: October 8, 1993

2d Amended Statement of Claim filed: December 1, 1993

Claimants' Submission Agreement signed: September 16, 1993

Joint Answer to 2d Amended Claim filed: December 10, 1993

Respondents' Submission Agreements signed:

Shearson Lehman: December 10, 1993

Kim Williams: December 21, 1993

HEARING INFORMATION

Hearing Dates / Sessions: August 30, 1994 - 2 sessions
August 31, 1994 - 2 sessions
September 1, 1994 - 2 sessions

Hearing Location: Portland, Oregon

CASE SUMMARY

Claimants alleged Respondents recommended they place virtually all their accumulated retirement savings in a discretionary account to be traded by Respondent Williams. Claimants alleged Williams began to trade their account in an unsuitable manner in 1987 by investing in speculative securities such as uncovered puts and calls, as well as in covered options and common stocks. Claimants asserted claims for damages based on fraud, violation of federal securities laws, violation of the Washington State Securities Act (RCW 21.20.430), breach of fiduciary duty, negligence, failure to supervise, violation of Washington State Consumer Protection Act (RCW 19.86), churning, and lack of suitability.

Respondents denied all the allegations of wrongdoing. Respondents asserted that Claimants were experienced business-people who were aware of all activity in their account. Respondents also asserted that the trading in the account was well-diversified and met Claimants' stated investment objectives. Respondents also stated that the claims were barred by applicable statutes of limitations.

RELIEF REQUESTED

Claimants requested damages in the amount of approximately \$154,000 plus interest, punitive damages, attorney's fees and costs of arbitration.

Respondents requested dismissal of all claims and an award of costs of arbitration.

OTHER ISSUES CONSIDERED AND 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 originals remain on file with the NASD.

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. Respondents are jointly and severally liable for and shall pay to Claimants the sum of \$121,309, plus interest at the legal rate for the State of New York from

September 30, 1994. until paid.

2. The claim for punitive damages is dismissed.
3. The parties shall each bear their respective costs including attorney's fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall refund the \$750 hearing session fee paid by Claimants. The NASD shall retain the \$200 non-refundable filing fee; however, this amount shall be reimbursed to Claimants by Respondents in addition to the award of damages.

All forum fees are to be paid by Respondents jointly and severally:

6 sessions @ \$750/session = \$4500

Fees are payable to the NASD, Inc.

ARBITRATORS

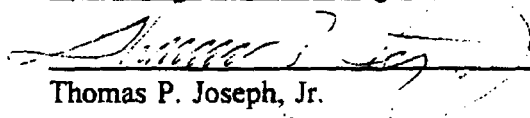
Name

Thomas P. Joseph, Jr.
Edwin J. Peterson
Bryan K. Devendorf

Public / Industry

Public Arbitrator
Public Arbitrator
Industry Arbitrator

Concurring Arbitrators' Signatures


Thomas P. Joseph, Jr.

Edwin J. Peterson

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Date of Decision: _____

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