

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Isabella Braccia

93-04684

Name of Respondents

Shearson Lehman Brothers, Inc. (n/k/a Smith Barney, Inc.)
Irwin F. Forman

REPRESENTATION

For Claimant Isabella Braccia ("Claimant"): Edward Fackenthal, Esq. of the law firm of Henderson, Wetherill, O'Hey & Horsey

For Respondent Shearson Lehman Brothers, Inc. ("Shearson") and Irwin F. Forman ("Forman"):
Christine Tracey, Associate General Counsel with Smith Barney, Inc.

CASE INFORMATION

Statement of Claim filed: November 10, 1993

Claimant's Submission Agreement signed on: March 11, 1994

Joint Statement of Answer filed by Respondents Shearson and Forman (collectively referred to as "Respondents"): August 15, 1994

Shearson's Submission Agreement signed on: August 10, 1994

Forman did not execute a Submission Agreement.

HEARING INFORMATION

Hearing Dates/Sessions: May 15, 1995 - two sessions
 May 16, 1995 - two sessions

Hearing Location: Holiday Inn, Philadelphia, PA

CASE SUMMARY

Claimant alleged, among other things, that Forman made false representations to Claimant. Claimant alleged that the purchases that Forman made for Claimant in Shearson Lehman Brothers High Yield Taxable Securities Fund, Days Inn, McCaw Cellular, American Carriers and USG Corp. were entirely unsuitable for her investment needs and objectives. Claimant alleged that Forman's use of a margin account for Claimant was improper and aggravated the risk exposure to Claimant. Claimant alleged that she was an unsophisticated investor who did not understand how to read her monthly account statements; did not understand margin; and, relied entirely on Forman. Claimant alleged that Forman promised Claimant that he would monitor Claimant's account. Claimant asserted that not only did Forman fail to monitor her account, but that he never intended to monitor her account. Claimant alleged that Forman made unauthorized transactions in her account and to the extent that she consented to various transactions, she relied entirely on Respondents advice and abilities. Claimant alleged that Respondents violated the Pennsylvania Unfair Trade Practices and Consumer Protection Law, committed professional malpractice; breached their contract with Claimant; violated both federal and state securities acts; and, committed common law fraud.

Respondents categorically denied all allegations of wrongdoing asserted by Claimant and specifically maintained, among other things, that the investment strategy employed by Claimant and on Claimant's behalf was suitable for Claimant. Respondents maintained that Claimant, who was seeking to achieve higher returns and capital appreciation, decided to utilize margin. Respondents maintained that Claimant indicated to Forman, that she knew how margin worked. Respondents maintained that Forman did not execute any trades without Claimant's authorization. Respondents maintained that Forman spoke to Claimant frequently and that during these conversations Claimant indicated an awareness and understanding of the investments in her account, including the risks associated with them. Respondents maintained that at no time during the course of Claimant's relationship with Forman, did Claimant complain to Forman or to anyone else at Shearson about Mr. Forman's conduct or the investments in her account. Respondents maintained that Claimant ratified the transactions and that she is estopped from asserting any claims regarding them.

RELIEF REQUESTED

Claimant requested, in her pleading: total income and principal lost in the amount of \$329,651.69; treble damages in the amount of \$988,955.07 and reasonable attorneys' fees (at 30%) of \$296,686.52.

Respondents requested that Claimant's claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED & 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.

That although Respondent Forman did not execute a Submission Agreement that the Arbitrators pursuant to Section 12(a) of the NASD's Code of Arbitration Procedures exercised their jurisdiction over Respondent Forman. Therefore, Forman is bound by the Arbitrators rulings and determinations.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondents Shearson and Forman are jointly and severally liable to Claimant and shall pay to Claimant the amount of \$112,547. This amount includes prejudgment interest.
2. That all other claims, including Claimant's claim for treble damages under the Pennsylvania Unfair Trade Practices and Consumer Protection Law, are denied in their entirety.
3. That the parties shall bear their own attorneys' fees and costs, except as specifically provided for below.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed.

4 sessions X \$1000 = \$4,000

Hearing Session Deposit of \$1,000 previously paid by Claimant

Forum Fees Assessed Against: Respondents Shearson and Forman

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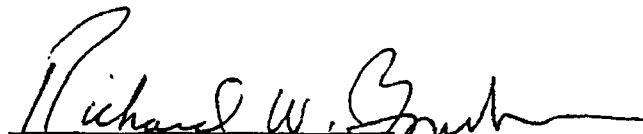
jointly and severally so that Respondents shall pay \$3,000 to the NASD and shall pay directly to Claimant \$1,000 for her hearing session deposit previously paid.

Forum Fees owed to the NASD are payable to the National Association of Securities Dealers, Inc.

By The Arbitration Panel:

Dated:

June 26, 1995



Richard W. Bourbon, Esq., Presiding
Public Arbitrator

Ellen S. Hexter
Public Arbitrator

Louis R. Miron
Industry Arbitrator

Date Award Served By the NASD:

June 27, 1995

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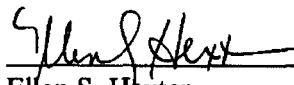
Forum Fees owed to the NASD are payable to the National Association of Securities Dealers, Inc.

By The Arbitration Panel:

Dated:

6/22/95

Richard W. Bourbon, Esq., Presiding
Public Arbitrator



Ellen S. Hexter
Public Arbitrator

Louis R. Miron
Industry Arbitrator

Date Award Served By the NASD: June 27, 1995

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Forum Fees owed to the NASD are payable to the National Association of Securities Dealers, Inc.


By The Arbitration Panel:

Dated:

Richard W. Bourbon, Esq., Presiding
Public Arbitrator

Ellen S. Hexter
Public Arbitrator

6/24/95


Louis R. Miron
Industry Arbitrator

Date Award Served By the NASD: June 27, 1995