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NASD REGULATION AWARD

In the Matter of the Arbitration Between

Name of Claimant

Stephen H. Karelitz

96-04477

Name of Respondent

Smith Barney Inc.

REPRESENTATION

For claimant Stephen H. Karelitz ("claimant") appeared Scott J. Link, Esq. of the law offices of Ackerman, Link & Sartory, P.A. located in West Palm Beach, Florida.

For respondent Smith Barney, Inc. ("respondent") appeared Jeffrey L. Friedman, Esq., Senior Vice President and Associate General Counsel for respondent.

CASE INFORMATION

Statement of Claim was filed on: October 7, 1996.

Claimant's Submission Agreement was signed on: October 4, 1996.

Statement of Answer was filed by respondent on: December 11, 1996.

Respondent's Submission Agreement was signed on: December 5, 1996.

HEARING INFORMATION

Pre-Hearing Conference: July 14, 1997 - 1 session

Hearing Date/Sessions: July 24, 1997 - 2 sessions

The hearings were conducted at the offices of NASD Regulation, Inc. located in Boston, Massachusetts.

CASE SUMMARY

Claimant maintained that he was a former financial consultant who retired from Shearson

Lehman Brothers, Inc. ("Shearson") (which later became Smith Barney) on April 5, 1993. Claimant alleged that, after twenty years of service as one of Shearson's top brokers, he decided to retire from the firm. Claimant contended that, prior to his retirement, he negotiated an agreement with the President of Shearson whereby he would be compensated \$750,000.00 over the three year period following his retirement. Claimant alleged that, although the written agreement did not reflect the agreement he made because it provided for less compensation than agreed upon, he signed the agreement and negotiated an oral modification of this agreement with Shearson's President. Claimant maintained that Shearson did not honor this oral agreement.

Respondent contended that, when claimant retired, claimant and Shearson entered into a contract which provided for payments to be made to claimant for three years after retiring from Shearson. Respondent maintained that Shearson honored the contract and paid claimant approximately \$575,000.00 as provided for and required by the terms of the contract. In addition, respondent maintained that at no time did anyone from Shearson ever promise or commit to pay claimant any amount of money for any period of time subsequent to the first three years after claimant retired.

RELIEF REQUESTED

Claimant requested actual damages in the amount of \$150,000.00, plus interest at the statutory rate and costs.

Respondent requested that the Statement of Claim be dismissed in its entirety and that the costs of this proceeding be assessed against claimant.

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 NASD Regulation, Inc.

At the conclusion of claimant's case, respondent made a motion for a directed verdict which the panel determined to deny.

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. All claims against respondent are hereby denied in their entirety.

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2. Claimant's requests for interest and costs are hereby denied.
3. All other requests are hereby denied.

FORUM FEES

Pursuant to Rule 10205(c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the non-refundable filing fee of \$500.00 and have assessed the following forum fees:

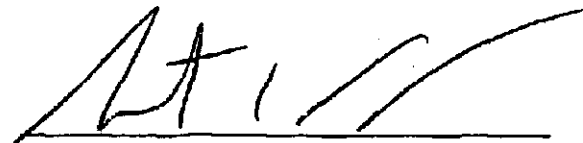
1 pre hearing conference	=	\$ 300.00
2 hearing sessions x \$750.00	=	\$1,500.00
member surcharge	=	\$ 350.00

1. Claimant be and hereby is liable for the sum of \$900.00, representing one-half of the total amount of forum fees assessed for hearings conducted in this matter. Claimant previously deposited \$750.00 with NASD Regulation, Inc. and, therefore, shall pay the balance of \$150.00.

2. Respondent be and hereby is liable for and shall pay the sum of \$1,250.00, representing one-half of the total amount of forum fees assessed for the hearings conducted in this matter and the member surcharge.

Fees are payable to the NASD Regulation, Inc.

Arbitrators' Signatures



Stephen Z. Frank, Esq.
Chairperson-Industry Arbitrator

Mark J. Gianni, CPA
Industry Arbitrator

Diane J. Nigrosh, Esq.
Industry Arbitrator

Date of Decision: September 23, 1997

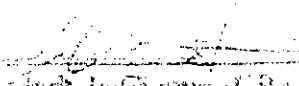
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Date of Decision: September 23, 1997


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Diane J. Nigrosh, Esq.
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