

NASD DISPUTE RESOLUTION AWARD
NASD DISPUTE RESOLUTION
CASE: 03-06495

Laurence Pilgeram TTEE FBO Pilgeram Trust, Claimant v. The GMS Group, LLC, and Quincy Brown, Respondents.

ATTORNEYS:

Claimant, Laurence Pilgeram TTEE FBO Pilgeram Trust, ("Claimant"), appeared pro se, Goleta, CA.

Respondents, (collectively "Respondents"):

For Respondent, The GMS Group, LLC, ("GMS"), appeared Jennifer Woods Burke, Esq., of the firm Lubiner & Schmidt, Cranford, NJ.

Respondent, Quincy Brown, ("Brown"), did not submit a response in this matter.

NATURE OF DISPUTE: Customer v. Member and Associated Person

DATE FILED: September 8, 2003

CASE SUMMARY: Claimant alleged that Respondents were negligent, breached their fiduciary duty, failed in their due diligence to provide accurate data of the supply and demand for nursing or assisted living facilities, and misrepresented and omitted material fact regarding the supply and demand of other relevant issues. Claimant's claim involved municipal bonds in Albemarle, Brevard, Charlotte, Gainesville, Hillsborough, Savannah, and the Victorian Square Project. Claimant maintained that due to Respondents' actions, his trust account suffered financial losses.

Claim Data

Claim: \$25,000.00
Interest: Unpaid interest from 6/1/00 to 6/1/03,
accruing at the rate of \$10.42 per day, to total
\$13,125.00
Attorney Fees: Unspecified
Filing Fees: \$425.00
Other: \$225.00
Other: Unspecified

Award Data

Award: \$12,500.00
Interest: \$.00

Attorney Fees: \$.00
Filing Fees: \$.00
Other: \$.00
Other: \$.00

AWARD: The undersigned arbitrator has decided and determined in full and final resolution of the issues submitted for determination as follows: 1) Respondent GMS is liable for and shall pay to the Claimant \$12,500.00. 2) All requests for interest are denied. 3) All requests for attorney fees are denied. 4) All other requests are denied. 5) NASD Dispute Resolution shall retain the \$425.00 filing fee that the Claimant deposited previously.

OTHER FEES: Pursuant to Rule 10333 of the Code, Respondent The GMS Group, LLC, has paid to NASD Dispute Resolution the \$425.00 Member Surcharge previously invoiced.

OTHER ISSUE: Arbitrator's Report: Dr. Pilgeram is obviously a sophisticated investor who should have known that he was investing in risky bonds if only because they were unrated. The fact that he was being solicited without the benefit of a prospectus should have sharpened his suspicions and impelled him to perform some additional due diligence of his own before investing his money.

That said, Respondents did not submit convincing evidence that a prospectus was in fact mailed to the Claimant at the time that investment was made. Without the benefit of a prospectus it is reasonable to assume that the main interest of Mr. Quincy Brown was to make a sale.

While Dr. Pilgeram, as an educated and sophisticated investor does not deserve full restitution, it is my opinion that brokerage houses and their agents need to be fully transparent and honest in presenting the nature of an investment to potential investors. That is why I concluded that Respondents and especially the GMS Group as underwriters of the issue in question, should be held partly responsible for Dr. Pilgeram's loss.

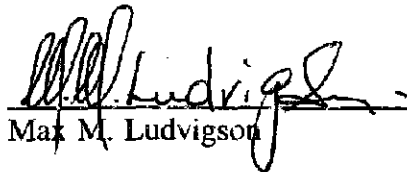
As to Respondents Motion to Dismiss, I ruled against that because it was only fair to apply the date at which Claimant became aware that the had a problem and using that date, he clearly had a right to apply for arbitration.

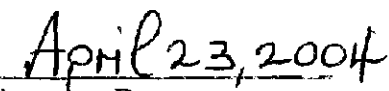
ARBITRATOR

Max M. Ludvigson - Sole Public Arbitrator

AFFIRMATION

I, Max M. Ludvigson, do hereby affirm, upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.


Max M. Ludvigson


Signature Date

May 6, 2004
Date of Service (For NASD-DR office use only)