

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Paul Gross

Claimant(s)

vs.

First Affiliated Securities
and Robert Barnett

Respondent(s)

CASE NO. 88-02171

Heard Before the Members of the Arbitration Panel:

Robert G. Bailey

SUMMARY OF ISSUES

The claim was filed July 8, 1988. Claimant alleged that Respondent Barnett recommended that Claimant buy stock in Fuji Electrocell Corporation and misrepresented to Claimant that Fuji Electrocell Corporation was a subsidiary of the Fuji Film Corporation. Claimant alleged that he bought stock in Fuji Electrocell Corporation, that he would not have bought the stock had he known that there was no connection between the two companies, and that he has been damaged in the amount of \$20,000. Respondents alleged that at all times they used reasonable care in handling Claimant's account, that they never made any misrepresentations to Claimant relative to the desirability of investing in Fuji Electrocell and that they are in no way liable for the Claimant's losses. Further, Respondent First Affiliated Securities asserted a crossclaim for indemnity against Respondent Barnett.

RELIEF REQUESTED

Claimant requested to be made whole and to recover his losses of over \$20,000. Respondent First Affiliated Securities requested that the claim be dismissed and that in the event First Affiliated Securities was found liable for any damages, that Respondent Barnett be ordered to fully indemnify First Affiliated Securities for any losses and/or costs incurred.

Prepared by NASD Staff
July 19, 1989