

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :  
:  
Owen J. McEnaney :  
:  
Claimant :  
:  
vs. :  
:  
Case #88-03173 :  
:  
AWARD :  
:  
:  
Douglas J. Ferrigno & WZW Financial :  
Services, Inc. O.R. Securities, Inc. and :  
Stein, Abbott & Co. :  
:  
Respondents :  
:  
:

## CASE SUMMARY

Claimant, Owen J. McEnaney alleged he informed Respondent, Douglas J. Ferrigno he had no knowledge or ability to make investment decisions and that Respondents invested his funds in limited partnerships which were totally unsuitable to his needs as he was not in need of any tax benefits and that these investments were speculative offerings. Claimant further alleged these facts were not disclosed to him and that he was furnished little or no information concerning the disposition of his account. Respondent, Douglas J. Ferrigno maintained Claimant had been a very active investor in the stock market. Respondent, Douglas J. Ferrigno further maintained the limited partnerships were economically sound programs designed to produce income and did return substantial income to Claimant and that any tax benefits realized on these investments enhanced their suitability for Claimant. Respondent further maintained he made the Claimant fully aware of the risks associated with each of the limited partnerships and that he did not receive monthly statements from any Respondents because he did not have a brokerage account with any Respondents and made his investments directly with the companies operating the limited partnerships. Respondent, Stein, Abbott & Co. maintained that the Claimant did not open a brokerage account with Stein, Abbott & Co. and further maintained that the investment in Putnam High Income Government Trust was suitable for the Claimant. Respondent, Stein Abbott & Co. further maintained the Claimant was fully informed about his account.

RELIEF REQUESTED

Claimant requested damages of \$152,569.00, and attorneys' fees in the sum of \$50,856.00. Respondent, Douglas J. Ferrigno requested dismissal of claim. Respondent, Stein, Abbott & Co. requested dismissal of claim.

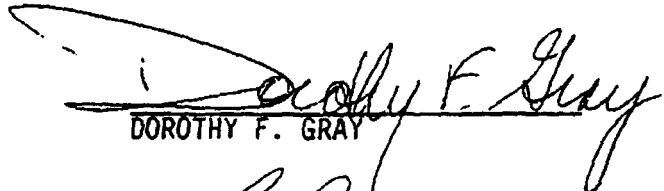
AWARD

On August 23, 1989 and August 24, 1989 said dates representing three hearing sessions the undersigned arbitrators heard the controversy between the parties at the offices of the National Association of Securities Dealers, Inc. located in New York City, NY as set forth in submissions to arbitration signed by Claimant, Owen J. McEnaney on September 28, 1988 and by Respondent, Douglas J. Ferrigno on December 20, 1988 and by Respondent, Stein, Abbott & Co. on August 23, 1989 and not signed by Respondents, WZW Financial Services and O.R. Securities, Inc. as required pursuant to Section 8 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure. The Statement of Claim was filed with the National Association of Securities Dealers, Inc. on October 13, 1988. The arbitration panel having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. In accordance with Section 25 of the Code of Arbitration Procedure, the Respondents, WZW Financial Services, Inc. and O.R. Securities, Inc. were served with the Statement of Claim and given an opportunity to respond which Respondents, WZW Financial Services, Inc. and O.R. Securities, Inc. failed to do.
2. In accordance with Sections 21 and 26 of the Code of Arbitration Procedure, Respondents, WZW Financial Services, Inc. and O.R. Securities, Inc. were given due notice of the hearing procedure by regular and certified mail.
3. The arbitration panel determined in light of the foregoing information that Respondents, WZW Financial Services, Inc. and O.R. Securities, Inc. had ample notice of the proceeding and that jurisdiction exists over Respondents, WZW Financial Services, Inc. and O.R. Securities, Inc.
4. The arbitration panel has been advised that the claim of Claimant, Owen J. McEnaney against Respondent, Stein, Abbott & Co. has been withdrawn in its entirety.
5. Claimant, Owen J. McEnaney be and hereby is liable and shall return and transfer to Respondent, Douglas J. Ferrigno 189 units of Damson Income Energy Limited Partnership.
6. Claimant, Owen J. McEnaney be and hereby is liable and shall return and transfer to Respondent, Douglas J. Ferrigno 2770 shares of Damson Oil Class A.
7. Claimant, Owen J. McEnaney be and hereby is liable and shall return and transfer to Respondent, Douglas J. Ferrigno his participation in Damson 8501.

8. Claimant, Owen J. McEnaney be and hereby is liable and shall return and transfer to Respondent, Douglas J. Ferrigno his participation in I.R.E. Real Estate now represented by a subordinated debenture in the face amount of Eight Thousand Two Hundred Fifty Dollars and No Cents (\$8,250.00).
9. Claimant, Owen J. McEnaney be and hereby is liable and shall return and transfer to Respondent, Douglas J. Ferrigno his participation in Leaservice Income Fund-1.
10. Respondents, WZW Financial Services, Inc., O.R. Securities, Inc. and Douglas J. Ferrigno be and hereby are liable jointly and severally and shall pay to the Claimant, Owen J. McEnaney the sum of Forty Four Thousand Four Hundred Twenty Five Dollars and No Cents (\$44,425.00).
11. The parties shall each bear their respective costs including attorneys' fees.
12. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$1000.00 filing fee previously deposited by the Claimant. In addition, the Claimant, Owen J. McEnaney be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of Five Hundred Dollars and No Cents (\$500.00) to represent forum fees and the Respondent, Douglas J. Ferrigno, WZW Financial Services, Inc. and O.R. Securities, Inc. be and hereby are liable jointly and severally and shall pay to the National Association of Securities Dealers, Inc. the sum of One Thousand Five Hundred Dollars (\$1,500.00) and No Cents to represent forum Fees.

ARBITRATORS CONCURRING

  
DOROTHY F. GRAY

  
RON PEKOE

  
PAUL M. ROSENTHAL

DATED: August 25th, 1989