

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :  
:  
Arthur Violetta, Jr. and :  
:  
Diane Violetta :  
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Claimants : Case #89-01862  
:  
vs. : AWARD  
:  
:  
:  
Gruntal & Company, Inc. :  
:  
:  
Respondents :  
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## CASE SUMMARY

Claimants Arthur and Diane Violetta alleged that they opened an Individual Retirement Account with Respondent Gruntal & Co., Inc. through one of their account executives. Claimants alleged that they were initially put into a low risk and completely liquid fund, Alliance Capital Reserve Money Market Fund. Claimants further alleged that they were subsequently taken out of this investment and placed into Southmark CRCA Fund VI on the recommendation of the Respondent. Claimants alleged that this was a highly risky investment with virtually no liquidity, and it was thus an unsuitable investment for them. Moreover, Claimants maintained that they were never informed of the risks inherent with this investment.

Respondent denied all of the Claimants' allegations. Respondent maintained that the Claimants were informed that the investment was a limited partnership and of the risks involved. Respondent also maintained that the investment was not "inherently risky", and was a suitable investment for the Claimants.

**RELIEF REQUESTED**

Claimants Arthur and Diane Violetta requested actual damages of \$4,270.00, plus costs. Respondent Gruntal & Co., Inc. requested that the claim be dismissed in its entirety, plus costs.

**AWARD**

On November 28, 1989, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants Arthur and Diane Violetta on May 17, 1989, and by Respondent Gruntal & Co., Inc. on September 18, 1989.

The hearing was held at the offices of the National Association of Securities Dealers, Inc. in New York City, New York and consisted of one hearing session. 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. Respondent Gruntal & Co., Inc. be and hereby is liable and shall pay to the Claimants Arthur and Diane Violetta, collectively, the sum of Four Thousand Dollars and No Cents (\$4,000.00), inclusive of interest.
2. Claimants Arthur and Diane Violetta shall remit to Respondent Gruntal & Co., Inc. the four (4) units of Southmark CRCA Fund VI purchased for their accounts (Numbers: 215-91609-1-6 and 215-91609-1-7) in April, 1987.
3. The parties shall each bear their respective costs including attorney's fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$100.00 filing fee previously deposited by the Claimants as costs of the one (1) hearing session conducted in this matter.

CONCURRING ARBITRATOR

  
JOSEPH A. SCHUBIN, ESQ.