

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	x
	x
Caroline Potenza	x
Claimant	x
vs.	x CASE NO.
	x 90-02400
	x
First Investors Corporation	x AWARD
and Henny Reiser	x
Respondents	x
	x

CASE SUMMARY

Claimant, Caroline Potenza ("Potenza"), alleged that the Respondents, First Investors Corporation ("First Investors") and Henny Reiser ("Reiser"), engaged in risky and unsuitable transactions without regard to Potenza's investment objectives. Specifically, Potenza asserted that Reiser recommended that she invest over fifty percent of her total net worth into First Investors Fund for Income ("FIFI"), which she claimed to be a speculative fund. Potenza alleged that Reiser misrepresented the risks inherent with this investment, and that First Investors failed to properly monitor the activities of Reiser.

First Investors and Reiser denied all allegations made against them, and contended that Potenza had represented that she had substantial liquid assets and that her primary investment goal was to generate income to cover her living expenses. In light of Potenza's representations, First Investors and Reiser contended that FIFI was an appropriate investment and that Potenza continued to hold her interest in the fund to receive the income generated by it.

RELIEF REQUESTED

Potenza requested actual damages of approximately \$40,000.00, plus treble damages and attorneys' fees. First Investors and Reiser requested dismissal of all claims made against them, plus costs.

AWARD

On March 27, 1991, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant Caroline Potenza on August 10,

1990, by Respondent First Investors Corporation on November 14, 1990, and by Respondent Henny Reiser on November 14, 1990. The initial claim was filed on August 28, 1990. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in New York City, NY, and consisted of two (2) hearing sessions. The arbitration panel having considered the pleadings, the testimony, and the evidence presented at the hearing, has unanimously determined in full and final resolution of the issues submitted for determination as follows:

1. At the conclusion of the hearing, Claimant Caroline Potenza, through her counsel, sought to amend her Statement of Claim to include requests for punitive damages and damages under the RICO statute. The panel hereby denies this request to amend the Statement of Claim.
2. At the hearing, Claimant Caroline Potenza, through her counsel, withdrew, with prejudice, her claim that her account had been churned.
3. The Arbitrators have concluded that the subject investment, First Investors Fund for Income, was unsuitable for the Claimant Caroline Potenza at the time it was sold to her. Therefore,

Respondent First Investors Corporation be and hereby is liable and shall pay to the Claimant the sum of Twenty Thousand Dollars And No Cents (\$20,000.00), with no interest; and

Respondent Henny Reiser be and hereby is liable and shall pay to the Claimant Caroline Potenza the sum of Five Thousand Dollars And No Cents (\$5,000.00), with no interest.

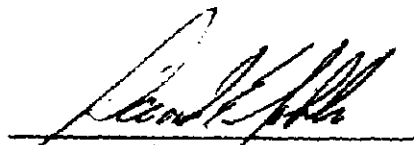
4. The parties each shall bear their respective costs, including attorneys' fees.

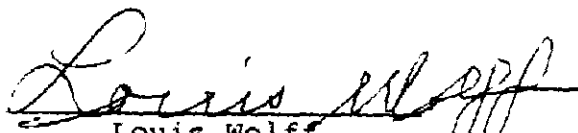
Forum Fees:

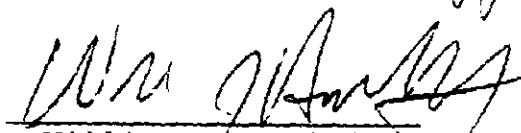
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain \$950.00 of the \$1,100.00 filing fee previously deposited by the Claimant, and refund to the Claimant the balance of \$150.00. In

In addition, the Respondent First Investors Corp. and hereby is liable and shall pay to the Association of Securities Dealers, Inc. the Seven Hundred Fifty Dollars and No Cents (\$750) costs of the two (2) hearing sessions conducted in this matter. Respondent First Investors Corp. shall also be liable and pay to the Claimant the Nine Hundred Fifty Dollars and No Cents (\$950.00) to offset the filing fee previously deposited by Claimant.

CONCURRING ARBITRATORS


David E. Robbins


Louis Wolff


William J. Rotholz

Dated: April 16th, 1991