

## NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between :

Edith Meisels :

Claimant :

vs. :

Moore & Schley n.k.a The GMS Group, Inc. :  
Marc Strasser :Respondents :  
-----CASE #91-03488  
AWARDCASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on November 5, 1991, Claimant, Edith Meisels who appeared Pro Se, alleged that on October 10, 1987 Respondent, Marc Strasser, account executive with Respondent, Moore & Schley n.k.a The GMS Group, Inc. solicited her to invest \$24,000.00 of the funds she held in Municipal Bonds for the retirement savings on behalf of her mother into VMS Strategic Land Fund II ("VMS") by guaranteeing it to be a safe investment with a yield of 10% to 15%, at which time, Claimant purchased these securities at par. Claimant further alleged that the VMS investment represented over 10% of her mother's retirement funds and was unsuitable based on her investment history with Respondent, Moore & Schley n.k.a. The GMS Group, Inc. Claimant contended that as soon as this security became listed on the exchange, it opened far lower, at which time, Claimant questioned Respondent, Marc Strasser about it and he advised her that it was normal. Claimant further contended that as the VMS investment continued to decline, she contacted Respondent, Marc Strasser, whereby, he advised her to hold the investment because it was safe. Claimant asserted that Respondents misrepresented the VMS Securities as high-grade, ultra-safe instrument, compatible with her mother's nest egg account. Claimant further asserted that Respondents' inappropriate handling of her mother's retirement funds, caused her to sustain losses.

Respondent, The GMS Group, Inc. formerly known as Moore & Schley Municipals, Inc. by and through their counsel, Kathryn N. Roettger, Esq., Sole Practitioner, Florham Park, New Jersey, alerts all parties to the fact that it is not and has never been Moore & Schley Cameron & Co. rather, The GMS Group, Inc. was previously owned by Moore & Schley Cameron & Co. Securities, Inc. and that

both of these entities are in bankruptcy. Respondent, The GMS Group, Inc. maintained that subsidiaries are not per se responsible for the acts or omissions of their parent organization, thus, any claims which Claimant, Edith Meisels had against either entity should be or should have been submitted to the bankruptcy court and not against them. Respondent, The GMS Group, Inc. further maintained that Claimant was sent a prospectus which outlines a number of guarantees which the VMS investment carried and the terms of the prospectus were available for Claimant's review. Respondent, The GMS Group, Inc. contended that Claimant states that the monies invested were for her mother, but the account was registered solely in Claimant's name and one cannot have the advantages of sole legal ownership without the responsibility for independent review. Respondent, The GMS Group, Inc. further contended that the VMS literature indicated that VMS was suitable for IRA and KEOGH investment, and Respondent, The GMS Group, Inc. cannot be faulted if VMS was overly optimistic in its predictions. Respondent, The GMS Group, Inc. asserted that Claimant failed to mitigate her losses and has no claim against Respondent, The GMS Group, Inc. because her claim should be against VMS. Respondent, The GMS Group, Inc. filed a Crossclaim against Respondent, Marc Strasser, whereby, if they are found liable for any sums, then they seek a determination obligating Respondent, Marc Strasser to reimburse them for all such sums, based on indemnification.

Respondent, Marc Strasser who appeared Pro Se, maintained that an account was opened for Claimant at Respondent, Moore & Schley n.k.a. The GMS Group, Inc., not for her mother and the investments made in this account included various municipal bonds, VMS Strategic Land Fund II, in addition to money market funds. Respondent, Marc Strasser further maintained that due diligence was done on the VMS investment by parties employed by Respondent, Moore & Schley n.k.a. The GMS Group, Inc. and as far as the risk factors involved in the VMS investment, a prospectus was provided to Claimant prior to her purchase. Respondent, Marc Strasser contended that putting approximately 10% of a persons investable funds into a limited partnership which made various guarantees is not excessive. Respondent, Marc Strasser further contended that neither Respondent, Moore & Schley n.k.a. The GMS Group, Inc. nor himself made any guarantees to Claimant on the VMS investment. Respondent, Marc Strasser asserted that then the VMS shares were listed on the New York Stock Exchange for liquidity purposes, they proceeded to fall in value and it was not known why the share price fell until sometime later when criminal acts were uncovered in regards to the General Partner. Respondent, Marc Strasser further asserted that Respondent, Moore & Schley, n.k.a. The GMS Group, Inc. as well as other brokerage firms reasonably relied on information provided by VMS in regards to their finances as well as programs for sale and VMS products were considered a relatively safe investment. Respondent, Marc Strasser argued that he cannot

be held responsible for guarantees to a client especially in regard to what has gone on with VMS and their owners, therefore, Respondent Marc Strasser cannot be held liable for Claimant's losses.

RELIEF REQUESTED

Claimant, Edith Meisels requested \$9,020.00 in actual damages.

Respondent, Moore & Schley, n.k.a. The GMS Group, Inc. requested the claim be dismissed with prejudice, with costs to be assessed against Claimant and seeks indemnification against Respondent Marc Strasser.

Respondent, Marc Strasser requested the claim be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Arnold O. Flicker, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on October 28, 1991, by the Respondent, Moore & Schley, n.k.a. The GMS Group, Inc. on May 19, 1992 and by the Respondent, Marc Strasser on December 12, 1991.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of Claimant, Edith Meisels against Respondent, Moore & Schley, n.k.a. The GMS Group, Inc. and Marc Strasser are dismissed.
2. The Crossclaim of Respondent, Moore & Schley n.k.a. The GMS Group, Inc. against Respondent, Marc Strasser is dismissed.
3. The parties shall bear their respective costs.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant, Edith Meisels shall be retained by the NASD, Inc. The \$575.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Respondent, Moore & Schley n.k.a. The GMS Group, Inc. shall be retained by the NASD, Inc.

AFFIRMATION

I, ARNOLD O. FLICKER, ESQ., do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

Arnold O. Flicker  
Signature of Arbitrator

DATE OF DECISION: August 13, 1992

STATE OF: New York

SS:

COUNTY OF: Queens

On this 7 day of August 1992, before me personally appeared Arnold O. Flicker, Esq. to me known and known before me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Pauline Greiner  
PAULINE GREINER  
NOTARY PUBLIC, State of New York  
No. 41-4912122  
Qualified in Queens County  
Commission expires November 16, 1993