

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Herbert F. & Naomi Tscheulin

92-00457

Name of Respondent(s)

First Investors Corporation

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 6, 1992, Claimant Herbert F. & Naomi Tscheulin who appeared Pro Se alleged that Respondent First Investors Corp. through its agents, misrepresented its Income Fund as a safe and guaranteed investment whereby Claimants were constantly assured by Respondent that their money was safe. Claimants further alleged that they were assured that the Fund was conservative and stable in that it contained only investment grade bonds minus any junk bonds and the issuers guaranteed to pay interest and principal at maturity, in addition to the insurance for the fund provided by the Securities Investor Protection Corporation so Claimants could not lose even if the entire portfolio of companies went bankrupt. Claimants contended that they never received a prospectus even after numerous requests for one. Claimants further contended that because of Respondent's action Claimants lost \$11,898.20 of their total investment, not including interest and dividends.

Respondent, First Investors Corporation by and through their counsel Stephen G. Topetzes, Esq. of Kickpatrick & Lockhart, Washington, D.C. maintained that its representative discussed with Claimants Herbert F. & Naomi Tscheulin all the features of its Income Fund and they were furnished a copy of the then current prospectus. Respondent further maintained that the prospectus informed Claimants of the composition of the portfolio and the fact the Fund invested in lower rated corporate bonds. Respondent contended that the prospectus clearly stated the relevant risk considerations, including the fact that the value of an investment in the Fund would fluctuate and could decrease. Respondent further contended that it or any of its agents never informed Claimants that an investment in the Fund was guaranteed, insured or without risk.

RELIEF REQUESTED

Claimants, Herbert F. and Naomi Tscheulin requested \$10,000.00 in actual damages plus interest.

Respondent First Investors corporation requested the claim be denied.

AWARD

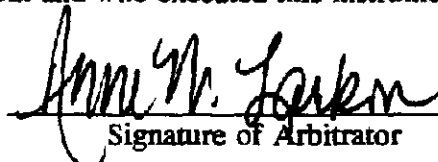
Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, **Anne W. Larkin, Esq.** was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on February 3, 1992 and by the Respondent on February 27, 1992.

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 claim of Claimants Herbert F. & Naomi Tscheulin against Respondent First Investors Corporation is dismissed.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Herbert F. & Naomi Tscheulin shall be retained by the NASD, Inc.

AFFIRMATION

I, **ANNE W. LARKIN, 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.


Signature of Arbitrator

DATE OF DECISION:

March 15, 1993

DATED BY THE NASD, INC.: March 22, 1993