

PUBLIC

NASD

Arbitration

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, N.Y. 10004
FAX (212) 858-4389

In the Matter of the Arbitration Between

Name of Claimant

Michael Zimmerman

vs.

Case #
92-01077

Name of Respondents

F.S.G. Financial Services Group, Inc.
Kenneth Gliwa

REPRESENTATION

For Claimant, Michael Zimmerman ("Claimant"), Robert M. Jaffee, Esq. from the law firm of Ballou, Stoll, Bader & Nadler.

For Respondents, F.S.G. Financial Services Group, Inc. ("FSG") and Kenneth Gliwa ("Gliwa"), Bert Vladimir, Esq.

CASE INFORMATION

Statement of Claim was filed on March 25, 1992.
Claimant's Submission Agreement was signed on March 16, 1992.

Joint Statement of Answer was filed by FSG and Gliwa on May 19, 1992.
FSG's Submission Agreement was signed on May 18, 1992.
Gliwa's Submission Agreement was signed on May 18, 1992.

HEARING INFORMATION

Hearing Date/Hearing Sessions: October 13, 1992 - Two sessions.

Hearing Location: National Association of Securities Dealers, Inc.'s offices located at 33 Whitehall Street, New York, New York.

CASE SUMMARY

Claimant alleges that FSG and Gliwa failed to use due diligence, engaged in unsuitable transactions and recommendations, overtraded, and breached their fiduciary obligations to Claimant which caused Claimant to sustain a loss of \$12,944.67, plus additional interest charges on his credit cards which were

used to finance his securities trading.

Claimant alleges on or about September 20, 1991, he called FSG and inquired about investing in securities and was referred to Gliwa. Claimant alleges that he informed Gliwa that he was twenty years of age, lived with his parents, was a full-time student without any regular employment whose source of funds for trading was his credit cards on which he had already accrued substantial indebtedness. Claimant further alleges that he informed Gliwa that he intended to eliminate his credit card indebtedness by engaging in securities transactions. Claimant further states that he informed Gliwa that he had been told that a margin account would increase his buying power and requested additional information on margin accounts from Gliwa. Claimant contends that Gliwa did not properly advise him about margin accounts.

Claimant states that he executed a margin agreement and began trading and that within the next two weeks, he sustained a net loss of \$4,607.50 including commissions and service charges.

Respondents deny each and every allegation of wrongdoing set forth in the Statement of Claim. Respondents allege that Claimant's former registered representative, August Lentricchia, transferred from Investor's Center, Inc. to FSG. Respondents state that Claimant called FSG and asked to speak with Lentricchia and because Lentricchia no longer worked with FSG, Claimant was referred to Gliwa. Respondents state that Claimant wanted to purchase Synergen on margin right away and they accommodated him by establishing a margin account. Respondents state that Claimant informed Gliwa that he had been trading for a long time and that his paper portfolio had grown to over \$300,000.00. Respondents further state the parties agreed to a lower commission since Claimant would be making his own investment decisions. Respondents deny that Claimant informed Gliwa that he had accrued substantial indebtedness on his credit cards and deny that Gliwa misrepresented how margin accounts operated.

RELIEF REQUESTED

Claimant requests an award jointly and severally against Respondents in the amount of \$12,944.67, with interest at the highest rate permitted by law, together with attorney's fees and costs and expenses of this proceeding and such other and further relief as the arbitrator may deem just and proper.

Respondent requests that the claim be dismissed in its entirety, both jointly and severally, and that sanctions be awarded against the Claimant based upon the fact that the claim is frivolous in nature together with attorney's fees and the costs and expenses of this proceeding, and such other and further relief as the arbitrator may deem just and proper under the circumstances.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. All claims against Respondents are denied in their entirety.
2. All claims asserted by Respondents are denied.

FORUM FEES

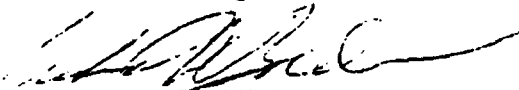
Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed.

\$100.00 - non-refundable filing fee
\$600.00 - two hearing sessions at \$300.00 per session

1. Claimant is assessed the non-refundable filing fee and half of the hearing sessions fees for a total of \$400.00. Claimant deposited \$400.00 which shall applied to the fees assessed.
2. Respondent FSG is assessed \$300.00, half the hearing session fees.

Fees are payable to the National Association of Securities Dealers, Inc.

Arbitrator's Signature



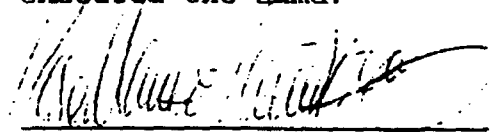
Richard W. Baldwin, Esq.
Sole Public Arbitrator

Date of Decision: November 9, 1992

STATE OF NEW YORK
COUNTY OF NEW YORK

S.S.:

On this day of October 1992, before me personally appeared **RICHARD W. BALDWIN, ESQ.** known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.



ROSE MARIE J. PELLAFORE
Notary Public, State of New York
No. 41-4600469
Qualified in Queens County
Certificate Filed in New York County
Westchester County, New York
Nassau County, New York
Commission Expires June 1, 1993