

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Edythe Masel as Assignee of Robert and Theresa Masel  
and  
The Edythe Masel Irrevocable Trust

92-02367

Name of Respondent

Ryan, Beck and Co., Inc.

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**REPRESENTATION**

Claimants Edythe Masel as Assignee of Robert and Theresa Masel and the Edythe Masel Irrevocable Trust (collectively referred to as "Claimants") were represented by Stephen M. Fitzgerald, Esq. of the law firm of Abrahams, Loewenstein, Bushman and Kauffman.

Respondent Ryan, Beck & Co., Inc. ("Respondent") was represented by Steve Millsaps, Esq. of the brokerage firm of Ryan, Beck & Co., Inc.

**CASE INFORMATION**

Statement of Claim filed on: July 15, 1992.

Claimant Edythe Masel Irrevocable Trust's Submission Agreement signed on October 12, 1992 by Trustee Robert Masel.

Claimant Edythe Masel as Assignee for Robert and Theresa Masel signed the Submission Agreement on: November 16, 1993.

Respondent's Answer was filed on December 28, 1992.

Respondent's Submission Agreement was signed on: March 11, 1993.

### **HEARING INFORMATION**

Hearing Date/Sessions: November 16, 1993 - 2 sessions  
Hearing Location: NASD, Inc., Philadelphia, PA.

### **CASE SUMMARY**

Claimants alleged that on May 8, 1991 they bought \$50,000 in Texas Housing Finance Agency Bonds for Robert and Theresa Masel and \$50,000 in Texas Housing Finance Agency Bonds ("Bonds") for the Edythe Masel Irrevocable Trust. These bonds were guaranteed by Mutual Benefit Life Insurance Company ("Mutual Benefit"). Claimants alleged that the Bonds were sold to them by a broker at Respondent named Todd Levine ("Levine"). Claimants alleged that Levine recommended and assured that the Bonds were a safe and secure investment and that the Bonds were AAA rated. Claimants alleged that shortly after their purchase of the Bonds, Mutual Benefit was seized by regulators and the Bonds' price fell dramatically. Claimants alleged that they received a default notice from the Bond's Trustee and they elected to liquidate their investment sustaining substantial losses. Claimants alleged that Respondent's agent, Levine, was negligent in giving advice and had he made a reasonable investigation he would have learned that Mutual Benefit was experiencing difficulties. Claimants alleged that Levine's negligence induced them to purchase the Bonds.

Respondent maintained that it is not responsible for Claimants' losses. Respondent maintained that neither itself or Levine knew that Mutual Benefit would be taken over by the regulator. Respondent maintained that when Claimants asked about Mutual Benefit, Levine provided Claimants with information that was currently available. Respondent maintained that at the time the Bonds were purchased nobody had any reason to believe Mutual Benefit was doomed.

### **RELIEF REQUESTED**

Claimants requested compensatory damages in the amount of \$34,625.00, plus legal fees.

Respondent requested that Claimants' claim be dismissed in its entirety.

### **OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

At the hearing, the Panel was made aware that Robert and Theresa Masel had assigned their rights in this claim to Edythe Masel. The Panel directed Edythe Masel to execute a Uniform Submission Agreement submitting her recently assigned claim to arbitration; which was promptly executed.

### **AWARD**

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

1. Claimants claim is denied in its entirety.
2. All parties shall bear their respective costs except for specifically provided herein.

### **FORUM FEES**

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

2 hearing sessions x \$400 = \$800

That Forum Fees are assessed equally between Claimants and Respondent.

Claimants are assessed Forum Fees in the amount of \$400, however, they are entitled to offset this amount with their previously deposited hearing session fee of \$400 so that no monies are due from Claimants.

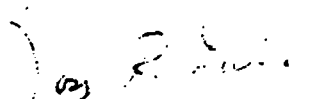
Respondent shall pay Forum Fees in the amount of \$400.

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

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Concurring Arbitrators' Signatures  
Name

Public/Industry

  
\_\_\_\_\_  
Joseph R. Lally, Esq.

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Public Arbitrator

  
\_\_\_\_\_  
A. Louis Denton, Esq.

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Industry Arbitrator

  
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Steven T. Stern, Esq.

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Public Arbitrator

Date of Decision: November 17, 1993