

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

James C. and Mary Murphy

93-00356

Name of Respondents

Invest Financial Corp.
David Grimaldi

REPRESENTATION

For Claimants, James C. Murphy and Mary Murphy ("Claimants") James S. Brewer, Esq., of the law firm of James S. Brewer.

For Respondents, Invest Financial Corporation ("Invest") and David Grimaldi ("Grimaldi"), Eugene B. Harper, Esq., Senior Counsel, in-house counsel of Invest.

CASE INFORMATION

Statement of Claim filed: on February 1, 1993.

Claimant's Submission Agreement signed on: January 12, 1993.

Joint Statement of Answer filed by Invest and Grimaldi on: April 12, 1993.

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

Invest's Submission Agreement signed on: March 17, 1993

CASE SUMMARY

Claimants alleged that on March 10, 1987, James C. Murphy ("Murphy") went

to his bank, Northeast Savings Bank in Newington, to transact business regarding his savings account.

Claimants alleged that while at Northeast Murphy was directed by a teller to Grimaldi, a broker/employee of Invest.

Claimant alleged that Grimaldi represented to Claimants that the AIM-86 investment, a limited partnership for mortgage purchasing was safe, government insured and would pay 10% interest. Claimants alleged that Grimaldi represented to Claimants that they would be able to receive their money back in five years. Claimants alleged that based on the foregoing representations, the Claimants invested \$10,000.00 in AIM-86 security. Claimants alleged that they were not suitable for this investment based upon their age, net worth and income. Claimants alleged that the AIM-86 has not produced what was represented and in fact has produced well below the interest rate of 10%.

Respondents maintained that Grimaldi was a registered securities sales representative duly licensed to conduct business in Connecticut and was employed by Invest in 1987 at their Northeast Savings Bank Branch Office. Respondents maintained that in order to ascertain what investment product would be suitable to meet the Murphy's financial needs and goals, Grimaldi proceeded to ask them questions concerning their investment objectives and risks they were willing to assume.

Respondents maintained that based upon the information disclosed by the Claimants, Grimaldi recommended the American Insured Mortgage Investors L.P.-86 ("Partnership") as a suitable investment to meet their financial needs and goals. Respondents maintained that the investment objectives of the Partnership were to invest all proceeds in originated or acquired mortgages on multi family residential properties that were guaranteed by FHA, GNMA, FNMA or FHLMC. Respondents maintained that Claimants were advised that since no one can predict the future of the real estate markets they should plan on holding the investment for at least ten years.

Respondents denied that the Murphy's were not suitable for this investment based upon age, net worth and income and as residents of the state of Connecticut they fully met the Investor Suitability standards as set forth in the prospectus wherein neither age, net worth, nor income is a restriction.

RELIEF REQUESTED

Claimants requested that they be awarded the return of their \$10,000.00 investment, interest at the statutory rate of 10% from March 10, 1987, costs and attorney's fees for bringing this claim.

Respondents requested that the Statement of Claim be denied in its entirety with costs to be assessed against Claimants.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that a handwritten, signed Award may be entered. In this case, the parties have agreed to receive a conformed copy of the Award while the original remains on file with the NASD.

At the direction of the arbitrator, the Respondents and the Claimants submitted post hearing briefs on the issue of Connecticut's Statue of Limitations.

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. Respondents Invest Financial Corporation shall pay Claimant, James C. Murphy the sum of **ONE THOUSAND ONE HUNDRED SEVENTY THREE DOLLARS AND NO CENTS (\$1,173.00)**
2. Invest Financial Corporation shall pay all Forum Fees associated with this arbitration.

Award #93-00356

Page Four

FORUM FEES

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

Non-refundable Filing Fee: \$ 75.00

Hearing Session Fees: \$200.00 X 2 Sessions = \$400.00

Total: \$475.00

1. Respondent Invest Financial Corporation shall pay the NASD the sum of \$475.00. Invest Financial Corporation shall satisfy this amount by reimbursing the Claimant \$275.00 already paid to the NASD as a \$200.00 Hearing Session deposit and \$75.00 Filing Fee. Respondent shall pay the NASD the balance of \$200.00.

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

Arbitrator's Signature
Name

Public/Industry


Lewis S. Kurlantzick, Esq.



Executed on:

~~Date of Decision:~~ 3/30/94

Date of Decision: June 7, 1994