

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Doris M. Breckenridge, M.D., P.A.
Employee Pension Trust

93-00671

Name of Respondent

Gruntal & Co., Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 23, 1993, Claimant Doris M. Breckenridge, who appeared Pro Se, alleged that on April 24, 1992 she transferred her pension account to Respondent Gruntal & Co., Inc. where her Account Executive was Vincent Baldassano. Claimant further alleged that Mr. Baldassano was made aware that she knew very little about investing and she relied on his advice, whereby, Respondent by and through Mr. Baldassano recommended to Claimant that she sell many of the stocks in her account, some of which were blue chip stocks, to buy a CMO sponsored by Respondent. Claimant contended that Respondent by and through Mr. Baldassano represented that this was a suitable investment for Claimant's retirement and the CMO's were guaranteed by an agency of the U.S. Government, and that his commission would be \$135.00, whereby Mr. Baldassano bought 51,609 Units of Mortgage Securities Trust CMO Series 2 at a cost of \$53,719.80, at which time, Respondent by and through Mr. Baldassano sold some stocks to help pay for the transaction. Claimant further contended that weeks later she received a copy of the offering statements and found that none of Respondent's representations were true, in addition, the commission schedule amounted to over \$2,000.00. Claimant asserted that soon after the purchase, the CMO's began to have a principal return and the total amount redeemed was \$51,719.80, which resulted in a loss of \$2,110.83. Claimant further asserted that on July 16, 1992 Mr. Baldassano sold several of Claimant's stocks and with these monies, Respondent executed two unauthorized trades of FHLMC and FNMA funds, totaling \$67,071.00. Claimant further alleged that she wrote to Respondent to demand the two unauthorized purchases be sold and the cash returned to her account, which was eventually done at a loss of \$2,021.67. Claimant further contended that because of Respondent's actions, she suffered a loss in her account.

Respondent Gruntal & Co., Inc. by and through their in-house counsel Kimberly Under, Esq., maintained that after discussions with Mr. Baldassano, Claimant Doris M. Breckenridge elected to purchase 51,609 units of a long term, intermediate Mortgage Securities Trust MO #002 at a price of \$1.04090 per unit at which time, the investment was recommended and purchased because at the time Claimant and Mr. Baldassano felt the return on principal in this investment would enable reinvestment at a later date whereby it would hopefully generate income. Respondent further maintained that market and economic conditions rather than any wrongdoing on the part of Respondent or its employees caused fluctuations in the value and return on Claimant's investment. Respondent contended that the investments in FHLMC and FNMA were not unauthorized, and Mr. Baldassano discussed each trade with Claimant prior to purchase, whereby Claimant authorized each of the transactions.

RELIEF REQUESTED

Claimant Doris M. Breckenridge requested \$2,110.83 in actual damages for the loss in the CMO, together with \$2,110.83 in punitive damages.

Respondent Gruntal & Co., Inc. requested the claim be dismissed in its entirety and that costs be awarded in their favor.

AWARD

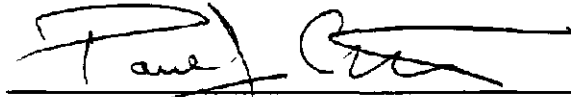
Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Paul J. Contillo, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on February 18, 1993 and not signed by the Respondent as required by Sections 12 & 13 of the NASD Code of Arbitration Procedure.

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 Claimant Doris M. Breckenridge against Respondent Gruntal & Co., Inc. is dismissed.
2. The parties shall bear their respective costs.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Doris M. Breckenridge shall be retained by the NASD, Inc. Respondent Gruntal & Co., Inc. is liable and shall pay to the Claimant the sum of \$125.00, as reimbursement.

AFFIRMATION

I, PAUL J. CONTILLO, 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

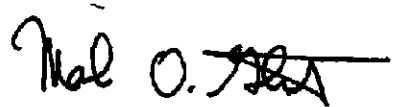
DATE OF DECISION: July 14, 1993

STATE OF: New York

SS:

COUNTY OF: New York

On this 9 day of July 1993, before me personally appeared Paul J. Contillo 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.



MARK O. GLUT
Notary Public, State of New York
No. 4005193
Qualified in Queens County
Commission Expires April 20, 1994