

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Ruth Ray Eilenberg

93-00882

Name of Respondents

First Investors Corporation
Joseph Parauda
Marie Dondero

REPRESENTATION

For Claimant: John E. Lawlor, Esq. a sole practitioner.

For Respondents, First Investors Corporation and Joseph Parauda: Nanette K. Chern, Esq. of First Investors Corporation.

For Respondent, Marie Dondero: Marie Dondero appeared pro-se.

CASE INFORMATION

Statement of Claim filed: March 8, 1993.

Claimant's Submission Agreement signed on: March 5, 1993.

Statement of Answer filed by Respondents, First Investors Corp. and Joseph Parauda on: May 11, 1993.

Respondent, First Investors Corporation's Submission Agreement signed on: April 6, 1993.

Respondent, Joseph Parauda's Submission Agreement signed on: April 8, 1993.

Statement of Answer filed by Respondent, Marie Dondero on: April 8, 1993.

Respondent, Marie Dondero's Submission Agreement signed on: April 6, 1993.

HEARING INFORMATION

Hearing Dates/Sessions: September 1, 1993 - Two Sessions.
 October 6, 1993 - One Sessions.

Hearing Location: NASD Offices - New York, NY.

CASE SUMMARY

Claimant alleges that she sought the financial advice of Respondent, Joseph Parauda ("Parauda") and told him that she was an unsophisticated investor who would be relying on his expertise. Claimant alleges that she told Parauda that she wanted to invest in safe, conservative securities, and that she wished her account to remain liquid.

Claimant alleges that Parauda recommended that she purchase annuity contracts and invest in the First Investors Government Bond Fund. Claimant asserts that Parauda told her that the investments were insured as to principal, and therefore suitable for her investment objectives. Claimant alleges that the annuities that she purchased were in fact junk bond funds, totally unsuitable for her objectives.

Claimant alleges that she was approached by Respondent, Marie Dondero (Dondero") who advised her to transfer some funds from the Bond Fund to First Investors High Yield Fund. Claimant alleges that Dondero told her that this was a safe, conservative investment that would generate high returns. Claimant alleges that this investment was also an unsuitable investment, since it was essentially an junk bond fund.

Respondent, Marie Dondero maintains that she was asked by her manager to service Claimant's account. Dondero maintains that she met with the Claimant twice and that Claimant complained that she wanted more money. Dondero explained that the only thing she could do to help Claimant get more income was to switch her funds to the High Yield Fund. Dondero maintains that this transfer was made at the Claimant's request.

Respondents, First Investors Corporation and Joseph Parauda (collectively referred to as the "FIC Respondents") maintained that Claimant's primary investment objective was high monthly income. FIC Respondents maintain that Claimant indicated that safety of principal was a consideration, but not her first and foremost objective. FIC Respondents maintain that when Respondent, Joseph Parauda ("Parauda") met with the Claimant, many different types of investments were explained to her. FIC Respondents maintain that Parauda met with the Claimant several more times before Claimant decided to invest in the annuities

and the bond fund. FIC Respondents maintain that the investments were not misrepresented to her in any way, and that Claimant received monthly statements as well as annual reports.

FIC Respondents maintain that it was solely the Claimant's decision to transfer funds from the Government Bond Fund to the High Yield Fund.

RELIEF REQUESTED

Claimant requested damages in the amount of \$66,000.00 plus interest.

Respondents, First Investors Corporation and Joseph Parauda requested that the Claim be dismissed.

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.

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. Respondent, First Investors Corporation is hereby liable and shall pay to the Claimant the amount of \$8,545.00 (EIGHT THOUSAND FIVE HUNDRED FORTY FIVE DOLLARS AND NO CENTS). This amount is inclusive of interest.
2. All Claims against Respondents, Marie Dondero and Joseph Parauda are hereby denied in their entirety.

FORUM FEES

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

\$150.00	Non-refundable filing fee
\$1,500.00	Hearing sessions fees (3 sessions x \$500.00)

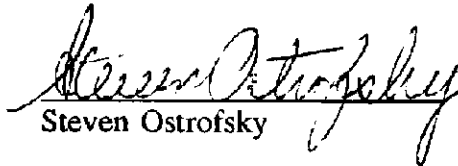
1. Total forum fees in the amount of \$1,650.00 are hereby assessed against Respondent, First Investors Corporation. This amount is to be paid as follows:

A) Respondent, First Investors Corporation is hereby directed to re-imburse to the Claimant the amount of \$650.00 the Claimant deposited to the NASD, Inc.

B) First Investors Corporation is directed to pay the balance of \$1,000.00 to the NASD, Inc.

Concurring Arbitrator's Signature
Name

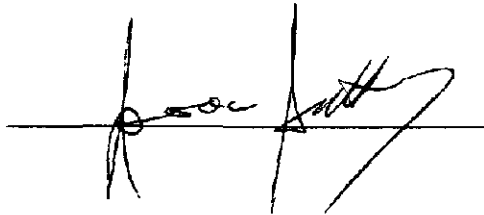
Industry Arbitrator


Steven Ostrofsky

Date of Decision: November 5, 1993

STATE OF NEW YORK S.S.:
COUNTY OF *NEW YORK*

On this *24TH* day of October, 1993, before me personally appeared Steven Ostrofsky 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.

A handwritten signature in black ink, appearing to read "Steven Ostrofsky", is written over a horizontal line.

ISAAC SETTON
NOTARY PUBLIC, State of New York
No. 4990447
Qualified in Kings County
Commission Expires Dec. 30, 1993

FORUM FEES

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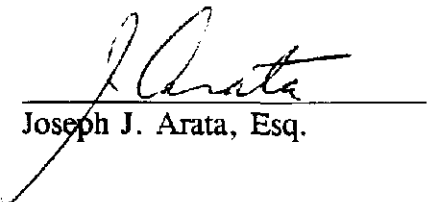
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Concurring Arbitrator's Signature
Name

Public Chairperson



Joseph J. Arata, Esq.

Date of Decision: November 5, 1993

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STATE OF NEW YORK
COUNTY OF *NY*

S.S.:

On this *29* day of October, 1993, before me personally appeared Joseph J. Arata known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

Mark O. Glut

MARK O. GLUT
Notary Public, State of New York
No. 4995193
Qualified in Queens County *93*
Commission Expires April 20, 19

FORUM FEES

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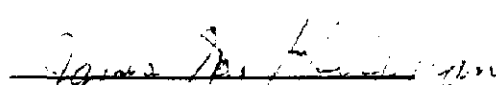
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Concurring Arbitrator's Signature
Name

Public Arbitrator


James M. Heilman

Date of Decision: November 5, 1993

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STATE OF NEW YORK S.S.:
COUNTY OF *Westchester*

On this *28th* day of October, 1993, before me personally appeared James M. Heilman known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

Ann Margret Bernardone

ANN MARGRET BERNARDONE
Notary Public, State of New York
No. 5001147
Qualified in Westchester County
Commission Expires August 31, 1994