

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Lydia & Dominic LaLumia

93-01380

Name of Respondent

First Institutional Securities Corp.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 6, 1993, Claimants Lydia & Dominic LaLumia, who appeared Pro Se, alleged that in January, 1988 Respondent First Institutional Securities Corp. by and through Mr. John Bonica, an agent for Glickenhau & Co., Inc., predecessor company of Respondent; recommended the purchase of New Jersey Health Care Facilities Financial - Wayne General Hospital Corp. 9% Bonds due 8/1/94 by assuring them that the Bonds were non-callable, at which time, Claimants purchased \$25,000.00 of the Bonds on January 15, 1988. Claimants further alleged that the trade settlement statement as well as their account statement, indicate the Bonds were non-callable. Claimants contended that on February 1, 1993 the Bonds were called at par, eighteen months prior to the maturity, at which time, Claimants contacted Respondent and were referred to Mr. William Ryder in the Legal Department, who advised them to write a letter stating the facts and what they wanted. Claimants further contended that on January 25, 1992 they wrote to Respondent requesting that they be made whole, and subsequently, on February 23, 1993 Respondent by and through Mr. Ryder replied to Claimants stating that he concluded that he has found no impropriety either on the part of Mr. Bonica or Respondent. Claimant asserted that they purchased the Bonds, in good faith, based on information provided by Respondent, thus Respondent should be held liable for their misrepresentations that caused them to incur losses.

Respondent First Institutional Securities Corp. by and through William Ryder, Vice President, Legal, maintained that they made a security available to Claimants Lydia and Dominic LaLumia and Claimants purchased the security then affirmed, ratified and confirmed the purchase. Respondent further maintained that Claimants were notified at the time of purchase that all Municipal Revenue Bonds are subject to extra ordinary call. Respondent further maintained that

they obtained and reasonably relied upon a description of the securities - New Jersey Health Care Facilities Financing Authority Revenue Bonds, Wayne General Hospital Corp., Issue (FHA Insured Mortgage) Series A 9% Due August 1, 1994, (the "Bonds"), provided by J.J. Kenny Information System and this was the same description used to describe the Bonds to Claimants whereby Respondent has no reason to believe that the description was incomplete or incorrect. Respondent contended that the Bonds had no optional call features and that is not to say that the Bonds were not subject to extraordinary redemption whereby the Bonds fell within a mandatory extraordinary redemption at which time, Claimants' bonds were redeemed as part of a selected lottery and not all of the Bonds were subject to this redemption. Respondent further contended that at no time were they aware of any stated call features on the Bonds and moreover, Respondent included a legend on Claimants' confirmation, along with the description of the Bonds that read, "Note: All Municipal Revenue Bonds are subject to Extraordinary Call". Respondent asserted that at all times relevant hereto, they acted in good faith and they cannot be responsible for its customers' losses caused by extraordinary redemptions, thus the claim should be denied.

RELIEF REQUESTED

Claimant Lydia and Dominic LaLumia requested \$1,500.00 in actual damages.

Respondent First Institutional Securities Corp. requested the claim be denied.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, John F. Snyder, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on March 31, 1993 and by the Respondent on June 1, 1993.

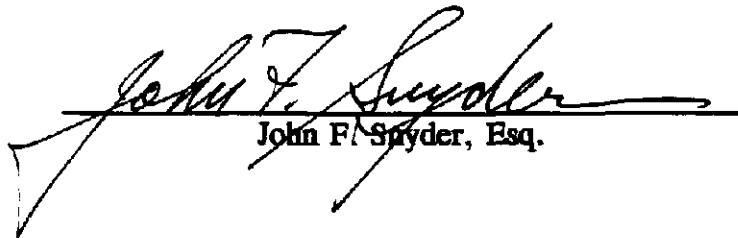
And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent First Institutional Securities Corp. is liable and shall pay to the Claimants Lydia and Dominic LaLumia the sum of \$1,500.00 in damages.
2. The parties shall bear their respective costs.

3. The \$50.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Lydia and Dominic LaLumia shall be retained by the NASD, Inc. Respondent First Institutional Securities Corp. is liable and shall pay to the Claimants the sum of \$25.00, as partial reimbursement.

AFFIRMATION

I, JOHN F. SNYDER, ESQ., 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.


John F. Snyder, Esq.

DATE OF DECISION: September 10, 1993