

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Frank & Virginia Russo Jtwros

vs.

Award
#93-02012Name of RespondentsGruntal & Co., Inc.
William Torrey

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 20, 1993, Claimants Frank & Virginia Russo who appeared Pro-Se, alleged that on May 17, 1990 Respondent William Torrey, Account Executive with Respondent Gruntal & Co., Inc. recommended the purchase of 200 shares of Northeast Bancorp Inc. by assuring them that there was a takeover bid that was eminent. Claimants further alleged that immediately after purchasing these shares at a price of \$32.00 per share, the shares dropped in value down to \$15.00 per share at which time Respondent William Torrey advised Claimants to dollar cost average whereby Claimants purchased an additional 200 shares at \$15.00 per share. Claimants contended that again the stock went down to approximately \$6.00 per share whereby Claimants questioned Respondent William Torrey several times on the circumstances, at which time, he reassured them that the takeover was still in the works. Claimants further contended that after a short period of time, they received a letter from Respondent William Torrey stating that he was leaving Respondent Gruntal & Co., Inc. for a position elsewhere, whereby Claimants impression of the letter was that he did not give very good advice and before Respondent William Torrey left, Claimants were also advised to purchase additional shares on margin putting up their shares of Campbell Soup as collateral. Claimant asserted that eventually after respondent William Torrey left Respondent Gruntal & Co., Inc., the new Account Executive, Mr. Keith Fern advised them to sell the shares of Northeast bancorp Inc., at a loss. Claimant further asserted that originally the shares were supposed to be taken over in the

high \$40 to \$50 range, but after all was said and done, they were taken over at \$4.00 a share. Claimants further alleged that Respondents William Torrey's and Gruntal & Co., Inc., poor investment advice caused them to incur losses.

Respondents, Gruntal & Co., Inc. by and through their in-house counsel Eric S. Hutner, Esq., maintained that there is no claim that Claimants Frank & Virginia Russo's account was churned or that there was excessive trading; there is no claim that any stock was bought or sold without proper authorization; there is no claim that the stock was not suitable for the Claimants, and there is no claim that Respondent William Torrey made any misrepresentations, that he intended to deceive the Claimants, at any time, or that he or Respondent Gruntal & Co., Inc. were negligent in performing any duty that they owed to the Claimants. Respondent Gruntal & Co., Inc. further maintained that the Claimants only complaint appears to be that they received and accepted investment advice that resulted in a loss, and they are upset with the results of this investment whereby Claimants now look to their broker, Respondent William Torrey and his former employer Respondent Gruntal & Co., Inc., to make them whole. Respondent Gruntal & Co., Inc., contended that the Claimants claim should be dismissed because it fails to set forth any cognizable basis for relief.

Respondent William Torrey who appeared Pro-Se maintained that he adopts the factual and legal arguments set forth in Respondent Gruntal & Co., Inc.'s Statement of Answer. Respondent William Torrey further maintained that he firmly believes that the recommendation to buy Northeast Bancorp Inc., a recommendation that he acted upon as did members of his family, was sound and in the best interests of his clients and it is indeed unfortunate that Claimants lost money on this one investment; however, much as Respondent William Torrey has no right to share in Claimants investment profits, he submits that he should not be personally liable because the transaction proved unprofitable.

RELIEF REQUESTED

Claimant, Frank & Virginia Russo requested the sum of \$7,919.28 in actual damages.

Respondent Gruntal & Co., Inc. requested the claim be dismissed in its entirety.

Respondent William Torrey requested the claim be denied.

AWARD

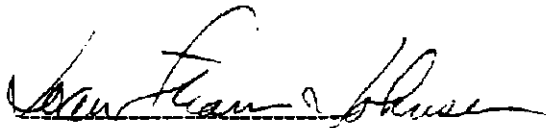
Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, JOAN STEARNS-JOHNSON, ESQ., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on June 23, 1993, and by the Respondent Gruntal & Co., Inc., on August 12, 1993 and by the Respondent William Torrey on September 8, 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. The claim of Claimants Frank & Virginia Russo against Respondents Gruntal & Co., Incorporated and William Torrey is dismissed.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Frank & Virginia Russo shall be retained by the NASD.

AFFIRMATION

I, ~~Joan Stearns-Johnson, 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.



Signature of Arbitrator

DATE OF DECISION: 12/6/93

DATED BY THE NASD, INC.: December 14, 1993