

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Seymour Schneider

93-02297

Name of Respondents

Henry J. Grodzins
Stoever, Glass & Co., Inc.

REPRESENTATION

For Claimant Seymour Schneider ("Claimant"): he appeared pro se.

For Respondents Henry J. Grodzins ("Grodzins") and Stoever, Glass & Co., Inc.:
Thomas Conniff, Esq. of the law firm of Kusack & Styles.

CASE INFORMATION

Statement of Claim filed on: June 8, 1993.

Claimant's Submission Agreement signed on: May 26, 1993.

Joint Statement of Answer filed by Respondents Henry J. Grodzins and Stoever,
Glass & Co., Inc. on: July 16, 1993.

Respondent Henry J. Grodzins' Submission Agreement signed on: July 16, 1993.

Respondent Stoever, Glass & Co., Inc.'s Submission Agreement signed on: July
16, 1993.

HEARING INFORMATION

Hearing Date/Sessions: December 22, 1993 - Two Sessions

Hearing Location: National Association of Securities Dealers, Inc. offices located at 33 Whitehall Street, New York City, New York.

CASE SUMMARY

Claimant alleged that on July 1, 1992 he was solicited by Respondent Grodzins, an account executive with Respondent Stoeve, Glass & Co., Inc., to open an account with the Respondent firm. Claimant further alleged that Respondent Grodzins stated that he was a "bond specialist" and inquired as to whether claimant was interested in purchasing securities. Claimant alleged that he advised respondents that he would be interested in purchasing short term tax free bonds for his grandchildren and any prospective bond must ensure the value of the principal. Claimant also alleged that Respondent Grodzins recommended that claimant purchase a AAA-rated Bond. Claimant alleged that he purchased the bond based on Respondent Grodzins recommendations. Claimant further alleged that Respondent Grodzins also recommended that claimant purchase a A- rated bond and based on Respondent Grodzin's recommendations, claimant did.

Claimant alleged that on August 6, 1992, Respondent Grodzins recommended that Claimant purchase General Electric Capital Corporation bonds AAA-rated. Claimant further alleged that he purchased 50,000 AAA-rated General Electric Capital Corporation 10.25 % bonds maturing 6/12/95. Claimant also alleged that because these bonds had a high interest rate, he inquired as to the reason for the higher interest rate. Claimant also alleged that respondents advised him that the interest rate was higher because these were taxable bonds. Claimant alleged that based upon Respondent Grodzins' recommendations he agreed to purchase the General Electric Capital Corporation Bonds.

Further, Claimant alleged that upon receipt of the confirmation he noticed that the bonds he purchased were denominated in a foreign currency, the Finnish Markka. Claimant also alleged that he contacted the respondents and inquired about the Finnish Markka. The Claimant alleged that Respondent Grodzins stated that the Finnish Markka was as strong as the German Mark and that the exchange rate had increased.

Claimant alleged that on August 9, 1992, he came to the realization that the General Electric bonds were speculative and requested that the respondents cancel the purchase of these bonds or sell them to avoid any losses. Claimant further alleged that respondents stated that the value of the bond had increased and repeated to the claimant the date when payment for the bond was due. Claimant also alleged that after Finland devalued the Finnish Markka, claimant again contacted Grodzins to inform him that he wanted to sell the bonds. Claimant alleged that respondents would not accept the order to sell these bonds.

Claimant alleged that in September, 1992, he again renewed his request to sell the General Electric Capital Corporation bonds. Claimant further alleged that

respondents advised him that if the bonds were held until maturity, there would not be a loss. Claimant alleged that he again advised respondents of his continued desire to sell the bonds.

Respondents denied all allegations of fraudulent and deceitful conduct and denied that they misrepresented the transaction at issue to the Claimant. Respondents maintained that in accordance with proper execution of the trade, respondents used the applicable exchange rate for the date of the trade, 0.2464 Finnish Markkas per U.S. Dollar, for a total investment of \$12,410.77 including accrued interest.

Respondents maintained that they represented that the bonds were AAA quality bonds, that the bonds were backed by General Electric and that purchased at a slight discount the bonds had a very high nominal yield of about 10.5%. Respondents further maintained that they represented to the Claimant that based on the historical performance of the Finnish Markka against the U.S. Dollar over the previous five years, this looked like an excellent short term investment.

Respondents maintained that at no time did Respondent Grodzins state, or in any way infer, that the Markka was as strong as the German Mark. Respondents also maintained that in November, 1992 in response to claimant's request for a bid on his Finnish Markka bonds, respondents encouraged the claimant not to sell his bonds and claimant accepted that advice. Respondents further maintained that following subsequent devaluations of the Finnish currency, and at the claimant's request, respondent Stoeber Glass & Co. purchased the 50,000 G.E. Capital Corp Finish Markka bonds back from the claimant on January 4, 1993, at a total cost of \$8919.76 including accrued interest.

Respondents maintained that in hindsight, the General Electric Capital Corporation bonds were not a successful investment. Respondents asserted that the losses could have been exaggerated by the fact that the Claimant sold out too soon.

Respondents maintained that at no time did they in any way purposefully deceive or mislead the claimant. Respondents maintained that they attempted to recommend bonds which they believed were suitable investments for Claimant. Respondent Grodzins maintained that he would not have sold the Finnish Markka bonds to the claimant if he did not believe that the Claimant understood the possible risk inherent in this type of investment.

RELIEF REQUESTED

Claimant requested that the arbitrators rescind the transaction and allow restitution in the amount of \$3,277.04, and reasonable costs. In the alternative, claimant requested that the arbitrators award the amount of \$3,287.68 as actual damages for Respondents failure to sell the bonds on August 9, 1992, and reasonable costs.

As an additional alternative, claimant requested an award in the amount of \$1764.89 as actual damages for Respondents failure to sell the bonds on September 9, 1992, and reasonable costs.

Respondents requested that all claims by the claimant against the respondents be dismissed.

OTHER ISSUES CONSIDERED & DECIDED

In this case, the parties have agreed to receive a conformed copy of the Award while the original remains on file with the NASD.

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. All claims against respondents Henry J. Grodzins and Stoever, Glass & Co., Inc. be and hereby are dismissed in all respects.
2. Each party shall bear their respective costs including attorneys' fees, except that Respondents Henry J. Grodzins and Stoever, Glass & Co., Inc. be and hereby are liable and shall reimburse Claimant the sum of \$150.00 previously paid to the NASD by the Claimant.

FORUM FEES

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

2 sessions X \$100.00 = \$200.00 minus hearing session deposit of \$100.00 = net \$100.00 due.

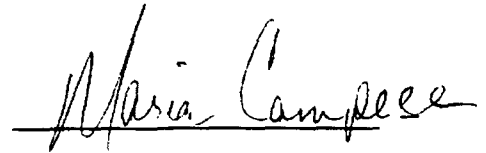
Forum fees Assessed Against:

The Respondents be and hereby are liable, jointly and severally, and shall pay to the NASD the sum of \$100.00 to represent forum fees.

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

STATE OF: New York
COUNTY OF: New York

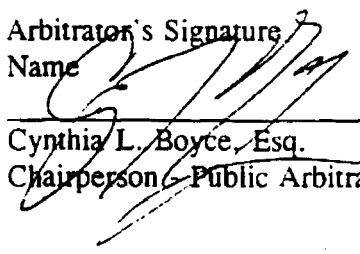
On this 17th day of January, 1994, before me personally appeared Cynthia Boyce, Esq. known to me to be the individual described in and who executed the foregoing instrument and she duly acknowledged to me that she executed the same.

A handwritten signature in cursive script, reading "Maria Campese", written over a horizontal line.

MARIA A. CAMPESE
Notary Public, State of New York
No. 52-4965360
Qualified in Suffolk County
Commission Expires April 16, 19⁹⁴

Arbitrator's Signature

Name


Cynthia L. Boyce, Esq.

Chairperson, Public Arbitrator

Date of Decision: January 18, 1994