

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Cheyenne VAF Federal Credit Union

93-04208

Name of Respondent

F.S.I. Financial Corporation

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on October 13, 1993, Claimant Cheyenne VAF Federal Credit Union, through its counsel, Michael Reese, Esq. of Wiederspahn, Lummis & Liepas, P.C., Cheyenne, WY, alleged that Respondent F.S.I. Financial Corporation should have known the mutuality of the identity of Meritor Savings Bank & Philadelphia Savings Fund Society, and that the Claimant, after having purchased a certificate of deposit from what it believed to be from Meritor, later discovered it had actually bought the certificate from Philadelphia Savings which violated Credit Union Investment Guidelines. The Claimant further alleged that the Respondent failed to inform it that Meritor had failed, or that Meritor or Philadelphia Savings Fund Society was in serious financial trouble. Claimant Cheyenne VAF Federal Credit Union contended that it has suffered losses due to the wrongdoing of the Respondent, and that therefore it should be held liable in this matter.

Respondent F.S.I. Financial Corporation, through it's Representative, Cathy J. Belfiore, President, maintained that it's registered representative, Michael Morris recommended the Zero-Coupon certificates in accordance with the Claimant's instructions, and that both Michael Morris & the Respondent fully complied with Claimant's instructions at all times. The Respondent further maintained neither it nor Michael Morris deliberately, negligently or even inadvertently made any material misstatements or omissions to Claimant in connection with the offer or sale of Philadelphia Savings Fund Society Certificate of Deposits, and further maintained that although the Claimant alleges that Respondent should have known of the mutuality between Meritor and Philadelphia Savings Fund Society, it made a purchase only four months after the purchase through Respondent, at which time it should have had even more current financial information regarding Meritor. Respondent F.S.I. Financial Corporation contended that it has committed no wrongdoing, and therefore the claim should be dismissed.

RELIEF REQUESTED

Claimant Cheyenne VAF Federal Credit Union requested \$7,102.00 in actual damages, plus attorney's fees and costs.

Respondent F.S.I. Financial Corporation requested that the claims of the Claimant be dismissed, and that it be awarded its costs and attorney's fees.

AWARD

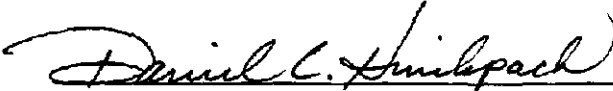
Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Daniel C. Himelspace, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on October 5, 1993 and by the Respondent on January 15, 1994.

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 F.S.I. Financial Corporation is liable and shall pay to Claimant Cheyenne VAF Federal Credit Union \$7,102.00 in actual damages.
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 Claimant shall be retained by the NASD, Inc. Respondent F.S.I. Financial Corporation is liable and shall pay \$75.00 to the Claimant as reimbursement of one-half of the filing fee.

AFFIRMATION

I, DANIEL C. HIMELSPACH, 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: June 27, 1994