

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Kira Greene

93-04397

Name of Respondents

Alex Brown & Sons
Steve Gritzan

REPRESENTATION

For Claimant Kira Greene ("Claimant"): appeared pro se

For Respondent Alex Brown & Sons ("Alex Brown"): Robert E. Patterson, Esq.,
of Alex Brown & Sons, Baltimore, Maryland.

For Respondent, Steve Gritzan ("Gritzan"): pro se, did not appear at the hearing

CASE INFORMATION

Statement of Claim filed: October 22, 1993.

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

Statement of Answer filed by Respondent Alex Brown on: January 1, 1994.

Alex Brown's Submission Agreement signed on: January 6, 1994.

Statement of Answer filed by Respondent Gritzan on: December 9, 1993.

Gritzan's Submission Agreement signed on: November 30, 1991.

HEARING INFORMATION

Hearing Dates/Sessions: July 11, 1994 - two sessions

Hearing Location: NASD - Executive Offices, Washington, D.C.

CASE SUMMARY

Claimant, alleged among other things, that she was a conservative and cautious investor unfamiliar with initial public offerings (IPO's). Claimant alleged that Gritzan made assurances that she would not lose any money. Claimant alleged that Gritzan outlined an investment plan where IPO's would be purchased and then sold before the price fell and stabilized. Claimant alleged that Gritzan followed this plan on three occasions. Claimant alleged that on two following occasions Gritzan failed to sell the IPO's. Claimant alleged that she instructed Gritzan not to utilize this type of investment strategy in her IRA account.

Claimant alleged Gritzan made an unauthorized and unsuitable trade by purchasing 1,000 shares of Vestar in her IRA account. Claimant alleged that she learned of this trade from the trade confirmation. Claimant alleged that Gritzan assured her a sold notice would arrive in the mail. Claimant alleged that the stock price fell but no sale confirmation ever arrived. Claimant alleged that Gritzan then told her he never sold the stock because he felt the price would rise. Claimant alleged that Gritzan then left Alex Brown without informing Claimant. Claimant alleged that Alex Brown failed to properly supervise either Gritzan or her account.

Respondents categorically denied all allegations of wrongdoing.

Gritzan maintained, among other things, that Claimant was referred to him by another client. Gritzan maintained that he did not assure or guarantee to Claimant that she would not lose money. Gritzan maintained that he did notify Claimant that she would receive preferential status on IPO's and secondary stock issuances. Gritzan maintained that Claimant was fully aware of all risks associated with these transactions. Gritzan maintained that he was not able to sell the Vestar stock for a profit and that Claimant decided to hold Vestar rather than take a loss. Gritzan maintained that the trades made on behalf of Claimant were suitable and met her investment objective.

Alex Brown maintained that Gritzan joined Alex Brown as an Investment Representative in December, 1990. Alex Brown maintained that only six trades were made in Claimant's account during Gritzan's employment. Alex Brown maintained that five of these trades resulted in profits. Alex Brown maintained that Gritzan's recommendation to purchase Vestar was the result of a "strong buy" recommendation made by the Alex Brown research department and on the reasonable belief that the purchase was consistent with the Claimant's investment objectives. Alex Brown maintained that Claimant was in control of her account and ratified all trades. Alex Brown maintained that Claimant received a trade confirmation for the Vestar stock and monthly statements showing Vestar in position. Alex Brown maintained that Claimant never communicated to Alex Brown that Gritzan violated an express instruction by purchasing Vestar in her IRA account. Alex Brown maintained that Claimant changed her mind about holding the

stock when she realized it was likely to result in a loss. Alex Brown maintained that Claimant was notified of Gritzan's departure from Alex Brown. Alex Brown maintained that Claimant explicitly stated to the Alex Brown's branch manager that she wished to hold the stock. Alex Brown maintained that Claimant's claim is barred by the statute of limitations and the doctrines of waiver and estoppel.

RELIEF REQUESTED

Claimant requested the return of \$18,250 used to buy stock in Vestar. Claimant also requested 5 % interest on that sum from the time the stock was purchased to the present, commissions and the costs associated with this arbitration.

Alex Brown and Gritzan request that Claimant's claim be dismissed in its entirety and that the Panel award Respondents all costs and fees associated with defending this claim.

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 original remains on file with the NASD.

Because Gritzan did not attend the hearing, verification of notice to him was made. The hearing information materials were sent to Gritzan's home address in Union City, New Jersey as well as to his Washington, D.C. address on April 19, 1994 via regular mail. Secondly, Gritzan received another package July 7, 1994 at both addresses, via Federal Express, notifying him of replacement arbitrators. On July 7, 1994 the NASD called Gritzan to notify him of the place and time of the hearing. Claimant and Respondent's counsel called Gritzan and left a message on his answering machine notifying him of the hearing. Gritzan returned no phone calls but the Panel determined that Gritzan had notice of the hearing and it proceeded with the hearing.

Pursuant to Section 12 of the Code of Arbitration Procedure, the Panel exercised its jurisdiction over Respondent Gritzan and although Gritzan did not attend the hearing, he did receive notice of this arbitration; he did sign a Uniform Submission Agreement, and he did file an answer. Therefore, Gritzan is bound by the rulings and determinations in this award.

Respondents made a motion to dismiss based on ratification. The panel heard arguments with respect thereto and this motion was denied.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrator had decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Alex Brown and Gritzan are jointly and severally liable to the Claimant and shall pay to the Claimant the sum of Four Thousand Six Hundred and Twenty-Five Dollars and 00/100 (\$4,625); exclusive of interest.
2. Each party is to pay its own costs and attorneys' fees; except as specifically stated below.

FORUM FEES

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

2 hearing sessions x \$400 = \$800

Forum fees Assessed Against: Claimant and Respondents equally. Claimant is assessed forum fees in the amount of \$400, however, she is entitled to offset this amount with her hearing session deposit of \$400 so that no more fees are due from Claimant. Respondents Gritzan and Alex Brown are jointly and severally assessed forum fees in the amount of \$400.

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

Concurring Arbitrator's Signature

Name



Albert D. Sturtevant, Esq.

Public/Industry

Public

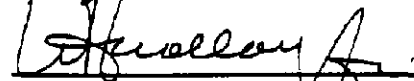
NASD Date of Decision: July 29, 1994

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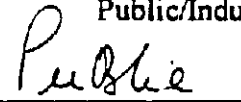
Concurring Arbitrator's Signature

Name



William H. Malloy, Jr., Esq.

Public/Industry

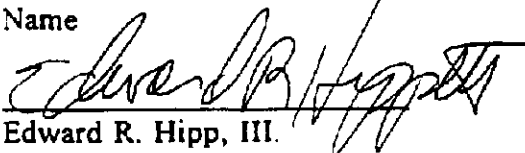


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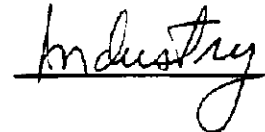
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Concurring Arbitrator's Signature
Name


Edward R. Hipp, III.

Public/Industry



NASD Date of Decision: July 29, 1994