

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

John A. and Elizabeth J. Feroli

93-04576

Name of Respondents

Ferris, Baker Watts, Inc.
Eugene Kurowski

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on November 3, 1993, Claimants John A. and Elizabeth J. Feroli, who appeared Pro Se, alleged that Respondent Ferris, Baker Watts, Inc., through its registered representative, Eugene Kurowski, flagrantly disregarded their interests in favor of maximizing his own commissions when he misled them into buying Fingermatrix stock & Alza stock, as well as municipal bonds. The Claimants contended that the Respondents used and supported "con artist" techniques and deceit to get them to buy, that Respondent Kurowski conveyed the impression he had inside information, that information was deliberately withheld by the Respondents, that their account was neglected, and that new issues were concealed in order to sell higher commission inventory bonds. The Claimants also alleged that Respondent Kurowski irresponsibly pushed the sale of very speculative investments on retired senior citizens of modest circumstances, and that Respondent Ferris, Baker Watts, Inc. employed a fortress mentality against complaints, that it refused to provide basic information needs of a customer, and that it engaged in false advertising. The Claimants maintained that they have suffered damages due to the wrongdoing of the Respondents, and that therefore, they should be held liable in this matter.

Respondents Ferris, Baker Watts, Inc. and Eugene Kurowski, through in-house counsel Theodore W. Urban, Esq., Washington, DC, maintained that the bulk of the Claimants' submission fails to state any claim upon which relief can be granted, and further that claims regarding Fingermatrix are time-barred since the purchase was made in 1982 and through another firm. The Respondents also maintained that they have never been found to be in violation of MSRB rules regarding information provided to customers regarding municipal bonds, nor do Claimants allege that they failed to receive any information that Respondents were

required to send to them. The Respondents contended that the Claimants were never misled into purchasing longer term bonds, and that these investments were not inconsistent with holdings at another firm they had, and further that the purchase of Alza stock took place after Claimants did their own research and spoke to Respondent Kurowski at least three times, and that the Claimants held the stock without ever attempting to avoid or limit losses by selling. The Respondents maintained they committed no wrongdoing and should not be held liable in this matter.

In a reply to the answer dated May 4, 1994, the Claimants provided further documentation in support of their claim and on May 10, 1994 submitted additional information reiterating their claims against the Respondents.

RELIEF REQUESTED

Claimants John A. & Elizabeth J. Feroli requested \$4,430.00 in actual damages, plus punitive damages in the amount of \$5,500.00.

Respondents Ferris, Baker Watts, Inc. and Eugene Kurowski requested that the claims of the Claimants be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Edgar T. Bellinger, 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 October 27, 1993, by the Respondent Ferris, Baker Watts, Inc. on March 8, 1994 and by Respondent Eugene Kurowski on February 16, 1994.

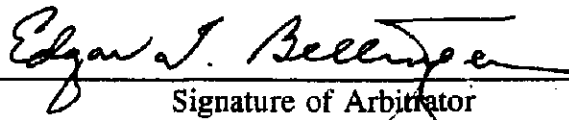
And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimants John A. & Elizabeth J. Feroli against Respondents Ferris, Baker Watts, Inc. and Eugene Kurowski are dismissed in their entirety.
2. The Claimants' request for punitive damages is also dismissed.
3. The parties shall bear their respective costs.

4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants shall be retained by the NASD, Inc.

AFFIRMATION

I, **EDGAR T. BELLINGER, 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: August 2, 1994