

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

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In the Matter of the Arbitration Between

**Name of Claimant**

Christopher M. Early

vs.

94-00802

**Name of Respondents**

Rothschild Global Investments, Inc.  
Daniel Brucato  
Jim Leavy

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on March 1, 1994, Claimant Christopher M. Early, who appeared Pro Se, alleged that Respondents Daniel Brucato ("Brucato"), James Leavy ("Leavy") and Rothschild Global Investments, Inc. ("Rothschild") made misrepresentations, omitted information, and sold him unsuitable securities. Claimant further alleged that Respondent Brucato assured him that borrowing as much as he could would lead to more profits without explaining the risks of margin accounts containing one high risk security. Claimant contended that as the stock value declined he was led to believe that the stock value would increase due to pending announcements about possible joint ventures. Claimant further contended that Respondent Brucato never suggested selling to minimize his potential loss or using a "stop-loss". Claimant alleged that Respondent Brucato never questioned his risk tolerance and continually urged him to add more money to the account.

In the addendum to his Statement of Claim, Claimant alleged that Respondent Brucato was not licensed in Tennessee on February 7, 1994 when he sold stock in Claimants account even though he was required to be licensed in Tennessee in order to make this sale. Claimant contended that he never filled out a Brokerage New Account Application indicating that his account was a "speculative account" as Respondent maintained. Claimant further contended that Respondent Rothschild failed to supervise his account by not insuring that Respondent Brucato was properly licensed. Claimant alleged that his account was churned by Respondent Brucato. Claimant further alleged that his account was unsuitable for him. As a result of the above, Claimant contended that he has suffered damages for which the Respondents should be held liable.

Respondent Rothschild Global Investments, Inc., through its representative, William J. Schifino, Jr., Esq., Tampa, Florida, maintained that on or about May 12, 1993, Claimant contacted Respondent Brucato about opening an account with Respondent Rothschild and indicated on a Brokerage New Account Application that this was his "speculative account". Respondent Rothschild further maintained that on or about September 29, 1993 Claimant called Respondent Brucato and expressed a desire to purchase shares of Spectrum Technologies, Inc. on a margin account. Respondent Rothschild contended that Respondent Brucato explained the degree of speculation of the investment and also the rewards and risks associated with investing in speculative stocks on a margin account. Respondent further contended that Claimant directed all of the future purchases and sales in the account. As a result of the above, Respondent maintained that it should not be held liable in this matter.

Respondent James Leavy, through his representative, Edwin B. Kagan, Esq., Tampa, Florida, maintained that he had no involvement in or knowledge of any activities conducted or statements made by Respondent Brucato. Respondent further maintained that he had no communications with Claimant. As a result of the above, Respondent contended that he should not be held liable in this matter.

Respondent Daniel Brucato, who appeared Pro Se, maintained that Claimant indicated that the money in his account was "speculative funds". Respondent further maintained that he explained to Claimant the intricacies of buying stock on margin which Claimant indicated that he understood before he signed the margin agreement. Respondent further maintained that Claimant was updated regularly on all information, news and price movements. As a result of the above, Respondent contended that he should not be held liable in this matter.

#### **RELIEF REQUESTED**

Claimant Christopher M. Early requested \$10,000.00 in actual damages.

Respondents Rothschild Global Investment, Inc. and James Leavy requested that the claims of the Claimant be dismissed, plus reimbursement for costs and attorneys' fees. Respondent Daniel Brucato requested that the claims of the Claimant be dismissed.

#### **AWARD**

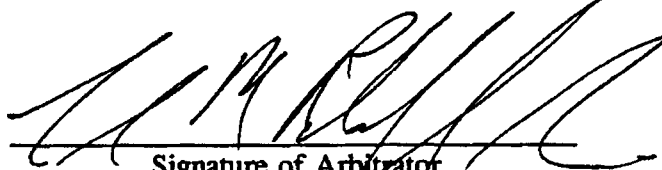
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Fred M. Ridolphi, Jr., Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on February 28, 1994, by Respondent Daniel Brucato on May 3, 1994, by Respondent Rothschild Global Investments, Inc. on August 10, 1994, and not by Respondent James Leavy as required by Sections 12 and 13 of the NASD Code of Arbitration.

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 Claimant Christopher M. Early against Respondent Rothschild Global Investments, Inc., Daniel Brucato and James Leavy are dismissed in their entirety.
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. Respondents Rothschild Global Investments, Inc., Daniel Brucato and James Leavy are jointly and severally liable and shall pay to Claimant \$75.00 as partial reimbursement of the filing fee.

**AFFIRMATION**

I, **FRED M. RIDOLPHI, JR., 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.

  
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Signature of Arbitrator

DATE OF DECISION:            December 8, 1994