

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

David H. Adler

95-00545

Name of Respondents

Gregg A. Rosenbaum  
Westfield Financial Corporation

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 1, 1995, Claimant David H. Adler, who appeared Pro Se, alleged that Respondents Westfield Financial Corporation ("WFC") and Gregg A. Rosenbaum ("Rosenbaum"), induced him to purchase stock and warrants in two Initial Offerings ("IPO's") by misrepresenting the likely future value of these securities. Claimant further alleged that on December 13, 1993, Respondent Rosenbaum, an employee of Respondent WFC, contacted him and sold him 750 shares of American Health Services, Inc. ("ASHI") at \$3.65, 750 ASHI warrants at \$.10 and 500 additional ASHI shares at \$4.75 for a total investment of \$5,200.00. Claimant contended that Rosenbaum represented that the stock would soon appreciate and later advised him not to sell as the company was doing very well. Claimant further contended that on February 8, 1994, pursuant to Rosenbaum's recommendation, he purchased 200 shares of United Vision Group, Inc. ("UCIC") at \$5.00, 200 UCIC warrants at \$.10 and an additional 200 shares of UCIC at \$6.25. Claimant alleged that Respondent Rosenbaum represented that the UCIC stock would appreciate in about one year. Claimant further alleged that ASHI and UCIC both substantially declined in value, causing a loss for which Respondents should be liable.

Respondent Gregg A. Rosenbaum, through his representative, Howard S. Eilen, Esq., of Uniondale, New York, maintained that the Claimant received a prospectus with respect to each and every transaction alleged in the Statement of Claim. Respondent Rosenbaum, further maintained that the prospectus fully described the nature of the Claimant's investment, and prominently displayed on the cover page a warning the these securities involve "a high risk and immediate substantial dilution". Respondent Rosenbaum, contended that he did not represent to the Claimant that either ASHI or UCIC would rise to a certain price level or that any

transaction would be profitable. Respondent Rosenbaum, further contended that not once did the Claimant ever complain to him about his purchases of ASHI or UCIC or any other aspect of his relationship with either Respondent. As a result of the above, Respondent Rosenbaum maintained that he should not be held liable for Claimant's loss.

Respondent Westfield Financial Corporation, did not file an Answer to the Statement of Claim.

#### **RELIEF REQUESTED**

Claimant David H. Adler, requested \$5,526.75 in actual damages.

Respondent Gregg A. Rosenbaum, requested that the claims of the Claimant be dismissed.

Respondent Westfield Financial Corporation, did not file an Answer to the Statement of Claim.

#### **OTHER ISSUES CONSIDERED & DECIDED**

Although reasonable attempts at service were made, Respondent Westfield Financial Corporation did not receive a copy of the Claimant's Statement of Claim.

**AWARD**

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Edward T. Hill, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on January 30, 1995, by Respondent Gregg A. Rosenbaum on March 17, 1995 and not by Respondent Westfield Financial Corporation as required by Sections 12 and 13 of the NASD Code of Arbitration Procedure.

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 Gregg A. Rosenbaum is liable and shall pay to the Claimant David H. Adler, \$2,000.00 in actual damages.
2. The claims of Claimant David H. Adler against Respondent Westfield Financial Corporation are dismissed without prejudice.
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 Claimant shall be retained by the NASD, Inc. Respondent Gregg A. Rosenbaum is liable and shall pay to the Claimant David H. Adler, \$75.00 as partial reimbursement of the filing fee.

Affirmation

STATE OF New York  
SS:

COUNTY OF Westchester

I, EDWARD T. HILL, do hereby affirm upon my oath  
as arbitrator that I am the individual described in and who executed this instrument,  
which is my oath and award.

Edward T. Hill  
Signature of Arbitrator

DATE OF DECISION: October 31, 1995