

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

John Castronovo

95-00980

Name of Respondent

Smith Barney Shearson, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 24, 1995, Claimant John Castronovo ("Claimant") who appeared Pro Se, alleged that in December of 1988, Respondent Smith Barney Shearson, Inc. ("Respondent") through its employee and Claimant's account executive, Mary Detherage ("Detherage"), recommended that he purchase shares of Principal Growth Mortgage Investors Fund, L.P. (the "Fund") which he followed to his detriment. Claimant further alleged that his investment objectives were safety of principal and to develop savings as the money was to be used for his daughter's future education expenses. Claimant contended that the Fund was very risky and wholly inappropriate for his investment objectives. Claimant further contended that he relied solely on Detherage's advice to purchase and did not read the prospectus which he would not have understood. Claimant alleged that as a result of the above, he has suffered a loss for which the Respondent should be held liable.

Respondent Smith Barney Shearson, Inc. through its representative and in-house counsel, Mary E. Reisert, Esq., maintained that Claimant was aware of the risks associated with the Fund because he received the prospectus which included eight pages of risk disclosures. Respondent further maintained that instead of reading these risk disclosures, Claimant relied exclusively on the broker, a position which is not supported by law or equity. Respondent contended that the investment was suitable, given Claimant's stated net worth of \$200,000.00, and further, it was not the only investment that Claimant made. Respondent further contended that Claimant had other investments which did quite well. Respondent maintained that the Fund was invested in real estate and that its value at the time of sale was supported by the real estate market. Respondent further maintained that an unforeseen drop in real estate prices caused the decline in the value in the Fund, an event which cannot be attributed to any wrongdoing by it. Respondent contended that as a result of the above, it should not be held liable.

RELIEF REQUESTED

Claimant John Castronovo requested \$9,999.00 in actual damages.

Respondent Smith Barney Shearson, Inc. requested that the claims of the Claimant be dismissed.

OTHER ISSUES CONSIDERED AND DECIDED

The arbitrator considered and reviewed all documentation submitted by the parties concerning Respondent's Motion to Dismiss pursuant to Sections 12(d) and 15 of the NASD Code of Arbitration Procedure. The arbitrator denied the Motions.

AWARD

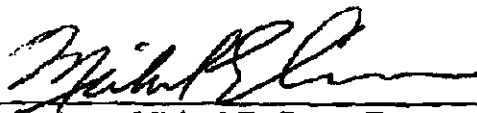
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Michael E. Curan, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on February 6, 1995, and by the Respondent on June 6, 1995.

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 Claimant John Castronovo against Respondent Smith Barney Shearson, Inc. are denied 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.
4. All other relief requests are denied.

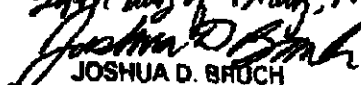
AFFIRMATION

I, MICHAEL E. CURAN, ESQ., do hereby affirm, pursuant to Article 7507 of Civil Procedure Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.



Michael E. Curan, Esq.

DATE OF DECISION: May 31, 1996

*Given to before me
29th day of May, 1996*

JOSHUA D. BRUCH
Notary Public State of New York
No. 02BR5033842
Qualified in New York County
Commission Expires September 7