

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

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

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In the Matter of the Arbitration Between

Name of Claimant

Peter Palmieri

95-01290

Name of Respondents

Mercer Securities, Ltd.  
Estate of Stephen J. Schappell

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**REPRESENTATION**

For Claimant Peter Palmieri ("Claimant"): Ronald L. Daugherty, Esq. of the law firm of White and Williams, Philadelphia, PA

Respondent Mercer Securities, Inc. ("Mercer") is out of business and was unrepresented at the hearing.

Respondent Estate of Stephen J. Schappell ("Schappell or Schappell's Estate") did not represent the deceased and it has indicated that the estate is worthless.

**CASE INFORMATION**

Statement of Claim filed: March 14, 1995

Claimant's Submission Agreement signed on: February 22, 1995

Statement of Answer filed by Mercer on: May 5, 1995

Mercer did not execute a Submission Agreement.

Schappell's Estate filed a Statement of Answer on April 25, 1995

**HEARING INFORMATION**

Hearing Date/Session: September 5, 1995 - one session

Hearing Location: NASD District Office, Philadelphia, Pennsylvania

### CASE SUMMARY

Claimant alleged, among other things, that Respondents placed him into unsuitable investments. Claimant alleged that he clearly stated that his investment objective was to invest in investment grade bonds. Claimant alleged that his new account agreement indicated that he sought conservative investments. Claimant alleged that his port folio consisted of investment grade investments and that Respondents changed Claimant's investments to "high yield bonds". Claimant alleged that these were unsuitable for him given his stated investment needs and objectives.

Mercer in its written answer denied each and every allegation of wrongdoing. Mercer stated that Claimant failed to complain to anyone at Mercer until after Schappell's untimely death. Mercer maintained that Claimant was not an unsophisticated investor; that Claimant received information on his account and on his investments; and, that Claimant was aware of the risks associated with his investments.

### RELIEF REQUESTED

Claimant requested damages in the amount of \$27,985.00.

Mercer, in its answer, requested that Claimant's claim be denied in its entirety, and that all costs be assessed against Claimant.

### OTHER ISSUES CONSIDERED & DECIDED

That the Presiding Arbitrator determined that the Respondents were properly notified of Claimant's claim and determined that this case should proceed in their absence. Although the Respondents did not execute submission agreements, the Presiding Arbitrator, pursuant to his authority under Section 12(a) of the Code of Arbitration Procedure executed its jurisdiction over Respondents Mercer and Schappell's Estate.

### AWARD

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

1. That Respondents Mercer and Schappell's Estate are liable to Claimant and shall pay to Claimant the sum of \$25,500.
2. That the parties shall bear their own costs and expenses, including attorney's fees.

**FORUM FEES**

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

That Claimant deposited a hearing session fee in the amount of \$300 shall be retained to cover the costs of the Forum fees.

Concurring Arbitrator's Signature  
Name

Allen Kilik  
Allen Kilik, Esq.

Public/Industry

Public

Date of Decision: 9/26/95