

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

---

In the Matter of the Arbitration Between

Name of Claimant

Robert Palumbo

95-03437

Name of Respondent

Fidelity Investments Institutional Services

---

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 18, 1995 Claimant Robert Palumbo ("Claimant"), who appeared Pro Se, alleged that he held account #117-281-220 with Respondent Fidelity Investment Institutional Services ("Respondent") and that he informed his account representative that his money would be used as an education fund and emphasized the need for a steady, dependable, and safe return. Claimant further alleged that its account representative strongly recommended that he purchase a Global Bond Fund ("GBF") and suggested that because of the "safety and diversity" of the fund, he should elect dividend reinvestment. Claimant contended that he followed that advice to his detriment and that on May 22, 1992, he purchased a \$50,000.00 GBF with dividend reinvestment. Claimant further contended the GBF collapsed in early 1994 and that Respondents did not fully disclose its investment activities regarding derivatives. Claimant alleged that due to the wrongdoing of the Respondent, he has suffered a loss for which the Respondents should be held liable.

Respondent Fidelity Investment Institutional Services, through its representative and in-house counsel, Suzanne R. Michaud, Esq., maintained that it properly disclosed to the Claimant the fact that there were risks with this investment and various investment techniques, including derivative instruments. Respondent further maintained that through Prospectuses and other written material, it described the types of permitted derivatives and the associated risks of each. Respondent contended that Claimant either chose not to read or to ignore the documents, and that any alleged oral representations made (which it denies), would have been contradicted by those materials, and therefore it should not be held responsible. Respondent further contended that the Claimant received \$53,494.95 on his initial investment of \$50,000.00 for a positive return of almost of 7%, and that he did not suffer any loss, and as a result of the above, Respondent should not be liable in this matter.

RELIEF REQUESTED

Claimant Robert Palumbo, requested \$8,505.05 in actual damages.

Respondent Fidelity Investment Services, 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, Ellen S. Hexter, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on August 4, 1995 and by the Respondent on September 26, 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 Robert Palumbo against Respondent Fidelity Investment Svcs 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.

**AFFIRMATION**

STATE OF New York

}  
}

ss:

COUNTY OF Westchester

I, Ellen S. Hexter, 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:

March 20, 1996