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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

James G. Cassani

vs.

Award No.

95-03462

Name of Respondents

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Securities Dealers, Inc.

* Gruntal & Co., Inc.
Steven Querzoli

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REPRESENTATION

For Claimant, James G. Cassani ("Claimant"), David Bunis, Esq. from the firm of Dwyer & Collota, located in Boston, Massachusetts.

For Respondents, Gruntal & Co, Inc. ("Gruntal") and Steven Querzoli ("Querzoli"), Donald Cohen, Esq., in-house counsel, located in New York, New York.

CASE INFORMATION

Statement of Claim was filed on July 12, 1995.

Claimant's Submission Agreement was signed on July 10, 1995.

Joint Statement of Answer was filed by Respondents on September 7, 1995.

Gruntal's Submission Agreement was signed on August 31, 1995.

Querzoli's Submission Agreement was signed on September 15, 1995.

HEARING INFORMATION

Pre Hearing Conference: April 1, 1996 - 1 session with Chairperson Dale.

Hearing Date/Sessions: June 11, 1996 - 2 sessions

Hearing Location: NASD offices located at 260 Franklin Street, Boston, Massachusetts.

CASE SUMMARY

Claimant alleged that he opened an "IRA-SEP" account with Gruntal through its sales representative/broker, Querzoli on or about October 1, 1988. Claimant also alleged that both Gruntal and Querzoli knew his investment objective, income producing with presentation of principal, at all relevant times.

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Claimant contended that at the end of 1993, he advised Querzoli to re-invest approximately \$57,000 into instruments which pay 6% interest. Claimant also contended that instead of advising him to re-invest in income producing instrument, Querzoli talked him into purchasing a mortgage backed security ("MBS") issued by Federal Home Loan Mortgage Corporation ("FHLMC") which would pay an interest rate of 6.5% per annum. However, Claimant further contended that he was not given adequate information, such as detailed description of the security or prospectus, regarding the MBS.

Claimant alleged that he did not realize that the MBS did not have a regular interest payment structure until March 1994. Because of Respondents' misrepresentation, Claimant alleged that he incurred \$20,000.00 loss of interest. Claimant also alleged that Respondents' violated Chapter 93A, Sections 2 and 9, of the Massachusetts General Law.

Respondents denied all allegations made by Claimant and asserted eight affirmative defenses.

Respondents maintained that at all relevant times, Claimant was informed and aware of the characteristics of all securities which Querzoli purchased for Claimant. Respondents also maintained that the decline in MBS value was due to unprecedented increases in interest rates, seven times within a year, by the Federal Reserve.

RELIEF REQUESTED

Claimant requested an award against Gruntal and Querzoli jointly of \$20,000 plus interest at the rate of 6 1/2% from February 1994. Claimant also requested reimbursement of reasonable attorneys' fees expert witness fees and costs.

Respondents requested that the claim be dismissed with prejudice.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies and have agreed to receive conformed copies of the Award while the original remains on file with the NASD.

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) All claims against Respondent Querzoli are denied.
- 2) Respondent **Gruntal** is hereby liable and shall pay Claimant Eighteen Thousand Dollars and Zero Cents (\$18,000.00) in compensatory damages.
- 3) **Gruntal** is hereby also liable and shall pay Claimant Thirteen Thousand Dollar and Zero Cents (\$13,000.00) in attorneys' and expert witness fees.

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FORUM FEES

Pursuant to Section 43(c) of *the Code of Arbitration Procedure*, the following Forum Fees are assessed against Claimant.

Non-refundable Filing Fee:	\$ 100.00
Pre Hearing Conference:	\$ 300.00
Hearing Session Fees:	\$ 800.00 (2 hearing sessions @ \$400.00 per session)

Total Fees:	\$1,200.00


1. Claimant previously paid \$500.00 and owes a balance of \$700.00.

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATION PANEL

Peter J. Dale, Esq.		Public Chairperson
Howard M. Miller, Esq.	-	Public Panelist
Richard Lee Rotnem		Industry Panelist

Concurring Arbitrator's Signature


Peter J. Dale, Esq.

Date of Decision: July 22, 1996

9607098

FORUM FEES

Pursuant to Section 43c of *the Code of Arbitration Procedure*, the following Forum Fees are assessed against Claimant.

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Hearing Session Fees:	\$ 800.00 (2 hearing sessions @ \$400.00 per session)

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ARBITRATION PANEL

Peter J. Dale, Esq.		Public Chairperson
Howard M. Miller, Esq.	-	Public Panelist
Richard Lee Rotnem		Industry Panelist

Concurring Arbitrator's Signature



Richard Lee Rotnem

Date of Decision: July 22, 1996

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FORUM FEES

Pursuant to Section 43c of the *Code of Arbitration Procedure*, the following Forum Fees are assessed against Claimant.

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Pre Hearing Conference:	\$ 300.00
Hearing Session Fees:	\$ 800.00 (2 hearing sessions @ \$400.00 per session)

Total Fees: **\$1,200.00**

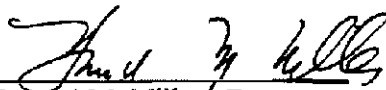
1. Claimant **previously** paid \$500.00 and **owes** a balance of \$700.00.

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATION PANEL

Peter J. Dale, Esq.		Public Chairperson
Howard M. Miller, Esq.	-	Public Panelist
Richard Lee Rotnem		Industry Panelist

Concurring Arbitrator's Signature


Howard M. Miller, Esq.

Date of Decision: July 22, 1996