

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Mitchell J. and Rita Sabagh

95-04716

Name of Respondents

Timothy D. Henry
Ferris, Baker Watts, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on October 5, 1995 Claimants Mitchell J. and Rita Sabagh ("Claimants"), through their representative Jeffrey P. Bloom, Esq., of Metzger, Hollis, Gordon & Mortimer, located in Washington, D.C., alleged that Respondent Ferris, Baker Watts, Inc. ("FBW"), through Respondent Timothy D. Henry ("Henry"), sold them 1385 shares of Alliance North American Income Trust ("ANAIT") with the proceeds from the sale of their Federal National Mortgage Association securities ("FNMA") holding. Claimants further alleged that Henry told them ANAIT was made up of quality government securities while failing to tell them of the significant risks due to foreign currency exposure. Claimants contended that Henry did not provide them with a prospectus and after a precipitous drop in price told them that the Mexican Peso was negatively affecting their investment. Claimants further contended that the fund was sold on December 28, 1995 for a net loss of \$4,972.30 and that as a result of the above, they have suffered a loss for which the Respondents should be held liable.

Respondents Ferris, Baker Watts, Inc., and Timothy D. Henry, through their representative and in-house counsel, Theodore W. Urban, Esq., maintained that the ANAIT investment was never misrepresented to the Claimants. Respondents further maintained that the Claimants have made the express request that Henry continue to service their accounts despite their allegations of wrongdoing. Respondents contended that Henry discussed the investment with the Claimants, including the risks, and that it was standard practice to send a prospectus at the time of purchase. Respondents further contended that Claimants cannot sit idly by and enjoy the benefits of the stable, higher yield provided by the ANAIT while the principal steadily declines. Respondents maintained that as a result of the above, they should not be held liable.

RELIEF REQUESTED

Claimants Mitchell J. and Rita Sabagh, requested \$4,972.30 in actual damages.

Respondents Timothy D. Henry, and Ferris, Baker Watts, Inc., requested that the claims of the Claimant be dismissed.

AWARD

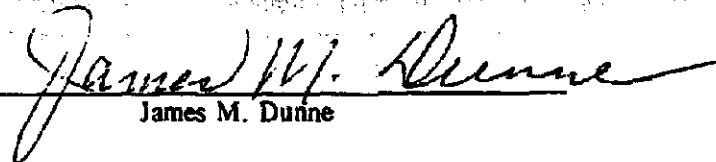
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, James M. Dunne, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants Mitchell J. and Rita Sabagh, on August 14, 1995, and by the Respondents Timothy D. Henry, and Ferris, Baker Watts, Inc., on November 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 Claimants Mitchell J. and Rita Sabagh, against Respondents Timothy D. Henry, and Ferris, Baker Watts, Inc., are denied in their entirety.
2. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Mitchell J. and Rita Sabagh, shall be retained by the NASD, Inc.
3. All other relief requests are denied.

AFFIRMATION

I, JAMES J. DUNNE, 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.


James M. Dunne

DATE OF DECISION: March 5, 1996