

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Joseph and Dorothy Del Grande

95-05002

Name of Respondents

* Liberty Securities Corp.
Irene S. Tagarelli
Liberty Growth Properties Ltd Partnership

REPRESENTATION

Claimants Joseph and Dorothy Del Grande ("claimants") appeared Pro Se.

For respondent Liberty Securities Corp. ("Liberty") appeared Bruce F. Ripepi, Esq., in-house Liberty Securities Corp. counsel.

Respondent Irene S. Tagarelli ("Tagarelli") appeared Pro Se.

Respondent Liberty Growth Properties Ltd Partnership was served the Statement of Claim on a voluntary basis and did not consent to NASD Regulation jurisdiction and was therefore released from this proceeding.

CASE INFORMATION

Statement of Claim filed: October 23, 1995.

Claimants' Submission Agreement signed on: October 18, 1995.

Claimants' Amended Statement of Claim filed: December 10, 1995.

Statement of Answer filed by respondent Liberty on: January 17, 1996.

Respondent Liberty's Submission Agreement signed on: January 17, 1996.

Statement of Answer filed by respondent Tagarelli on: March 8, 1996.

Respondent Tagarelli's Submission Agreement signed on: February 6, 1996.

HEARING INFORMATION

Hearing Date/Session: December 13, 1996 one session

The hearing was conducted at the offices of NASD Regulation Office of Dispute Resolution located at 33 Whitehall Street in New York City, New York.

CASE SUMMARY

Claimants alleged that in 1985, Joseph Del Grande received about \$30,000.00 severance pay when his employer closed its facility. Claimants further alleged that they put the money in the bank but were advised by bank personnel that they should consider investing elsewhere. Claimants also alleged that they met with Tagarelli, an employee of Liberty, to determine how to invest the money and that she informed them how to proceed. Claimants contended that in their first meeting they informed Tagarelli that they did not want high risk investments and that she recommended investing in Kemper and Putnam funds. Upon meeting with Tagarelli a second time, claimants were advised to invest in Liberty Growth Properties Limited Partnership ("Partnership"). Claimants further contended that Tagarelli told them that the Partnership was not a high-risk investment and that she had invested her father's monies in the partnership investment. Claimants asserted that Tagarelli told them that if they invested at least \$18,000.00 they would have a return of at least \$50,000.00 in 1995. Claimants further asserted that based on Tagarelli's statements, they signed the necessary paperwork without reading it and without receiving a prospectus and waited until January of 1995 at which time they called Liberty Real Estate and discovered that there were problems. Claimants also alleged that they lost money on the Partnership and that as a result of the above, they have suffered a loss for which the respondents should be held liable.

Respondent Liberty maintained that the claim is ineligible for submission to arbitration under Section 15 of the NASD Code of Arbitration Procedure. Respondent further maintained that the only improper action by Liberty alleged by the claimants is in connection with the sale of an interest in the Liberty Growth Properties Limited Partnership. Respondent also maintained that the claimants admitted that they purchased the Partnership interest on July 14, 1987. Respondent Liberty contended that the claimants knew of the problems with the Partnership at least as early as 1991 because of their correspondence with Liberty Real Estate Corporation dated October 17, 1991. Liberty further contended that claimants received quarterly and annual reports from the Partnership and IRS Form K-1 statements from September 1987 forward. Respondent also contended that claimants were furnished with a copy of the prospectus as evidence by their signature acknowledging such on July 14, 1987 and denied that Tagarelli told claimants they would make \$50,000.00 on the investment. Respondent Liberty asserted that it should not be held liable for any losses sustained by claimants.

Respondent Tagarelli filed a response adopting Liberty's Statement of Answer as her own.

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RELIEF REQUESTED

Claimants requested return of their investment principal.

Respondents requested that the claims be dismissed in their entirety.

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. Pursuant to Rule 10304 (formerly Section 15) of the NASD Code of Arbitration Procedure the panel has determined that the claims asserted by claimants Joseph and Dorothy Del Grande against respondents Liberty Securities Corp. and Irene S. Tagarelli are ineligible for submission to arbitration and as such claimants' claims are dismissed in their entirety.

The parties shall bear their respective costs and attorney's fees.

All other relief request are denied.

FORUM FEES

Pursuant to Section 10332c of the Code of Arbitration Procedure, the arbitrator has determined that the NASD shall retain the \$100.00 non-refundable filing fee previously deposited by claimants and have assessed the following forum fees:

One session x \$300.00	= \$300.00
Minus claimants' \$300.00 deposit	= <u>\$300.00</u>
Total outstanding	= 0.00

Respondent Liberty Securities Corp. be and hereby is liable for the sum of \$300.00 representing the total amount of forum fees assessed. Therefore, respondent Liberty Securities Corp. shall pay to claimants Joseph and Dorothy Del Grande \$300.00 as reimbursement of the hearing session deposit.

ARBITRATOR'S SIGNATURE

I, Diane Getzler, do hereby swear or affirm that I am the individual described herein and who executed this instrument which is my oath and award.


Diane Getzler

Date of Decision: January 27, 1997