

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Cassandra, Catherine and Jessica Pellerito

95-05014

Name of Respondents

MetLife Securities Inc.
Carol J. Sullivan

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on October 23, 1995, Claimants, Cassandra, Catherine and Jessica Pellerito ("Claimants"), who appeared Pro Se, alleged that they held an account with Respondent MetLife Securities Inc., and that their account representative, Carol J. Sullivan ("Sullivan"), recommended the Alliance North American Government Fund ("Fund"), an unsuitable investment as it was not in accordance with their stated investment objective of safety of principal. Claimants further alleged that they told Sullivan that the funds she was investing were to be used for their daughter's education and for that reason safety of principal was a priority. Claimants contended that Sullivan stressed the merits of investing in the Alliance North American Government Fund reiterating that it was paying 10.5% interest. Claimants further contended that Sullivan failed to inform them that the Fund was so new that a performance rating was unavailable. Claimants alleged that the Fund was unsuitable for their short term investment objective. Claimants further alleged that they were not informed that the money would be invested outside of the US in a fragile bond market. Claimants contended that as a result of the above, they have suffered a loss for which Respondents should be liable.

Respondents MetLife Securities Inc., and Carol J. Sullivan ("Respondents"), through their representative, Alan E. Lazarescu, Esq. of The Law Offices of Alan E. Lazarescu, located in New York, NY, maintained that Claimants were furnished with a prospectus and were thoroughly advised about the nature and associate risks of their investment. Respondents further maintained that Claimants received monthly account statements reflecting the value of their investment. Respondents contended that in early 1995, Sullivan and her manager advised Claimants of the decrease in their investment yet they did not complain or indicate any surprise. Respondents further contended that Claimants first complaint about the investment was two years after purchase, and as a result of the above, they should not be held liable in this matter.

RELIEF REQUESTED

Claimants Cassandra, Catherine and Jessica Pellerito, requested \$9,013.84 in actual damages, plus interest.

Respondents MetLife Securities Inc., and Carol J. Sullivan, 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, Robert Livingstone, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants Cassandra, Catherine and Jessica Pellerito on November 22, 1995 and by the Respondents MetLife Securities Inc., on December 14, 1995 and Carol J. Sullivan on December 15, 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 Cassandra, Catherine and Jessica Pellerito against Respondents MetLife Securities Inc., and Carol J. Sullivan are denied in their entirety.

2. The parties shall bear their respective costs. Jessica Pellerito's attorney's fees and costs shall be paid by the Claimants. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants shall be retained by the NASD, Inc. in payment of its administrative costs.

AFFIRMATION

I, ROBERT M. LIVINGSTONE, ESQ., 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.



Robert M. Livingstone, Esq.

DATE OF DECISION: April 10, 1996