

**NASD REGULATION AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

---

In the Matter of the Arbitration Between

Name of Claimant

Louis G. Maroun

95-05189

Name of Respondent

Prudential Securities Inc

---

**REPRESENTATION**

For Claimant Louis G. Maroun ("claimant") appeared Peter D'Amico, Esq., of the law offices D'Amico & Litwin located in Providence, Rhode Island.

For Respondent Prudential Securities, Inc. ("respondent") appeared David Glotzer, Esq., in-house counsel for respondent.

**CASE INFORMATION**

Statement of Claim was filed on: October 30, 1995.

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

Statement of Answer was filed by Respondent on: March 13, 1996.

Respondent's Submission Agreement was signed on: March 13, 1996.

**HEARING INFORMATION**

Pre-Hearing Conferences:	November 1, 1996	-	1 session
	November 6, 1996	-	1 session

Hearing Date/Sessions:	January 30, 1997	-	2 sessions
------------------------	------------------	---	------------

The hearings were conducted at the offices of the National Association of Securities Dealers, Inc., located in Boston, Massachusetts.

### **CASE SUMMARY**

Claimant alleged that in 1988, Matthew D. Olerio ("Olerio"), an account representative employed by respondent, solicited him by phone to invest in some securities. Claimant contended that he informed Olerio that he and his wife were retired and depended upon the income from their certificates of deposits to supplement their social security income and, therefore, could not risk this income. In addition, claimant maintained that, on his behalf, commencing in 1988, Olerio made various trades in NuWest Industries, Amerifirst Bank Federal Savings Associates of Miami, Florida, Home Loan and Investment Bank. Claimant alleged that except for the recommendations of respondent and Olerio that these investments were safe, he would never have purchased these investments. Claimant further contended that, because Olerio knew that claimant lived on a small social security income, depended upon his investments, had little knowledge of the stock market and depended upon Olerio's recommendations, respondent was wrong for recommending these investments.

Respondent denied each and every allegation contained in the Statement of Claim. In particular, respondent contended that claimant understood and accepted the risks of investing in the stock market. In addition, respondent maintained that the securities were suitable and consistent with claimant's investment objectives.

By way of affirmative defenses, respondent contended that 1) claimant authorized, accepted and/or ratified each of the transactions of which he complained; 2) at all times relevant, claimant's account was handled properly and in accordance with the "Know Your Customer" Rule of the New York Stock Exchange, Inc. and the "Suitability Rule" of the National Association of Securities Dealers as well as with other applicable rules and regulations; 3) claimant's account was invested in accordance with his investment objectives; 4) any losses sustained by claimant were attributable to market conditions and to his own investment decisions, not to any action or inaction on respondent's part; 5) the claim was barred by the applicable Statutes of Limitations; 6) claimant failed to state a claim upon which relief could be granted; 7) claimant failed to state a claim for punitive damages; and 8) claimant failed to mitigate damages.

### **RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$135,473.00

Respondent requested that the claim herein be dismissed in its entirety and that costs be awarded in its favor.

### **OTHER ISSUES CONSIDERED & DECIDED**

Respondent asserted a Motion to Dismiss pursuant to Rule 10304 (formerly Section 15) of the Code of Arbitration Procedure ("Code"). On September 26, 1996 the panel of presiding arbitrators determined to grant in part respondent's Motion to Dismiss and decided that all claims asserted on or after October 30, 1989 were eligible to be heard at the arbitration.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

### **AWARD**

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. All claims against respondent are dismissed in their entirety.
2. Each party shall bear their respective costs, including attorney's fees.
3. All other claims are hereby denied.

### **FORUM FEES**

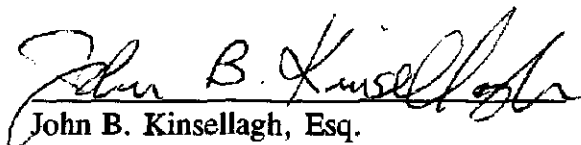
Pursuant to Rule 10332(c) (formerly known as Section 43(c)) of the Code the arbitrators have determined that NASD Regulation, Inc., shall retain the \$200.00 non-refundable filing fee previously paid by claimant and have assessed the following forum fees:

2 pre-hearing conferences	=	\$ 600.00
2 hearing sessions x \$750.00	=	<u>\$1,500.00</u>
Total forum fees	=	\$2,100.00

1. Claimant be and hereby is liable for the sum of \$1,050.00, representing one-half of the total amount of forum fees assessed. Claimant previously submitted a hearing session deposit of \$750.00. Therefore, claimant is liable and shall pay \$300.00 to NASD Regulation, Inc.
2. Respondent be and hereby is liable for the sum of \$1,050.00, representing one-half of the total amount of forum fees assessed.

Fees are payable to the NASD Regulation, Inc.

Concurring Arbitrators' Signatures

  
John B. Kinsellagh, Esq.  
Chairperson - Public Arbitrator

---

Arnold M. Marrow, Esq.  
Public Arbitrator

---

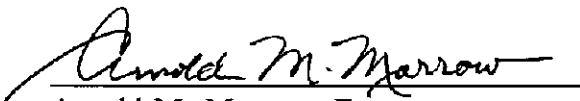
James G. Baur  
Industry Arbitrator

Date of Decision: February 26, 1997

Concurring Arbitrators' Signatures

---

John B. Kinsellagh, Esq.  
Chairperson - Public Arbitrator



---

Arnold M. Marrow, Esq.  
Public Arbitrator

---

James G. Baur  
Industry Arbitrator

Date of Decision: February 26, 1997

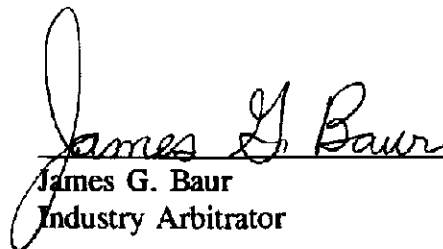
Concurring Arbitrators' Signatures

---

John B. Kinsellagh, Esq.  
Chairperson - Public Arbitrator

---

Arnold M. Marrow, Esq.  
Public Arbitrator



---

James G. Baur  
Industry Arbitrator

Date of Decision: February 26, 1997