

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION

In the Matter of the Arbitration Between

Name of Claimants

Michael A. and Patricia J. Russoniello

96-00187

Name of Respondents

Cadaret Grant & Co. f/k/a BNL Securities
Luther Engler

REPRESENTATION

Claimants Michael and Patricia Russoniello ("Claimants") were represented by Thomas J. Romans, Esq., Hackensack, NJ.

Respondents Luther Engler ("Engler"), BNL Securities, Inc. ("BNL") and Cadaret, Grant & Co. ("Cadaret") were represented by Ted H. Williams, Scolaro, Shulman, Lawler & Burstein, Syracuse, NY.

CASE INFORMATION

Claimants' Statement of Claim was filed on January 15, 1996.
Claimants' Uniform Submission Agreement was signed February 23, 1996.

The Joint Statement of Answer of Engler, BNL and Cadaret (collectively "Respondents") was filed on April 10, 1996.

Engler's Uniform Submission Agreement was signed April 1, 1996.

Cadaret's (f.k.a. BNL Securities, Inc.) Uniform Submission Agreement was signed April 3, 1996.

HEARING INFORMATION

Hearing Date/Sessions: September 4, 1996/two sessions

Hearing Location: 1717 Arch Street, 37th Floor
Philadelphia, PA

CASE SUMMARY

Claimants alleged that Respondents, through representative Engler, suggested unsuitable investments to Claimants; namely, in real estate limited partnerships. Claimants alleged that they were very unsophisticated investors and were investing funds which were in custodial accounts for Claimants' sons. Claimants alleged that they relied upon Engler's representations that the return on these real estate limited partnerships would exceed the return they were receiving in Certificates of Deposit at the bank. Claimants alleged that following Engler's advice, Claimants, either jointly or individually depending on the investment, invested in Centennial Development Fund IV, IRE Real Estate Income Fund and IRE

Pension Investors, Ltd. Claimants alleged that all three of these investments were inappropriate for them given the amount of money they had to invest, their lack of sophistication and the inherent riskiness of the investments. Claimants further alleged that Respondents failed to inform Claimants of the high level of risk involved in these investments prior to the transactions and Claimants remained uninformed until they received notice of a filing of bankruptcy of the Centennial Development Fund IV in January 1992.

Respondents maintained that the risks of all investments were fully explained to Claimants and that Claimants insisted on making the investments relevant to this arbitration. Respondents maintained that there was no indication that the monies invested came from custodial funds for minors. Respondents maintained that Engler advised the Claimants as early as 1987 that real estate investments were not doing well and provided Claimants with alternative courses of action to take relative to Claimants' investments. Respondents maintained that Claimants chose to stay with the investments notwithstanding the alternatives presented. Respondents maintained that any loss suffered by Claimants was the result of Claimants' own decisions and actions.

RELIEF REQUESTED

Claimants requested damages of approximately \$32,000.00 plus interest, punitive damages and the costs attributed to this arbitration.

Respondents requested that the Statement of Claim be dismissed in its entirety with costs assessed to the Claimants.

OTHER ISSUES CONSIDERED & DECIDED

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.

The panel considered Respondents' Motion To Dismiss The Statement of Claim as Untimely and Claimants' responses thereto, and denied the Motion.

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. That Claimants' Statement of Claim is denied in its entirety.
2. That the request for punitive damages is denied.
3. That each party shall bear its own expenses, including attorney's fees.
4. That any relief not specifically addressed herein is denied.

FORUM FEES

Pursuant to Rule 10332(c) (formerly Section 43) of the Code of Arbitration Procedure, the following Forum Fees are assessed:

2 sessions x \$500.00 = \$1,000.00

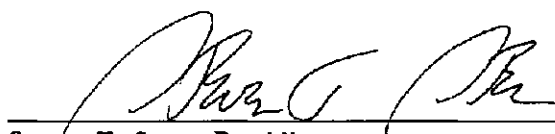
Forum Fees are assessed to Respondents, jointly and severally. Respondents are liable to and shall reimburse Claimants for the \$500.00 hearing session deposit previously submitted to the NASD Regulation. Therefore, Respondents have a net assessment due to the NASD Regulation of \$500.00.

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

DATE

CONCURRING ARBITRATORS' SIGNATURES

9/24/96



Steven T. Stern, Presiding
Public Arbitrator

Alfred E. Garfinkel
Public Arbitrator

Felix A. Meschini, Jr.
Industry Arbitrator

Date Decision Served by NASD Regulation:

September 27, 1996

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DATE

CONCURRING ARBITRATORS' SIGNATURES

9/25/96

Steven T. Stern, Presiding
Public Arbitrator



Alfred E. Garfinkel
Public Arbitrator

Felix A. Meschini, Jr.
Industry Arbitrator

Date Decision Served by NASD Regulation: September 27/1996

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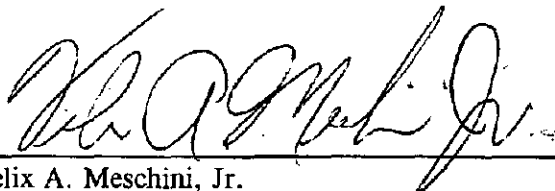
DATE

CONCURRING ARBITRATORS' SIGNATURES

Steven T. Stern, Presiding
Public Arbitrator

Alfred E. Garfinkel
Public Arbitrator

9/21/96



Felix A. Meschini, Jr.
Industry Arbitrator

Date Decision Served by NASD Regulation: September 27/1996