

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

In the Matter of the Arbitration Between

Name of Claimants

Frank F. Goodman individual/IRA
Frank F. Goodman as Trustee
for Tappins Employees' Profit Sharing Trust Fund

96-00486

Name of Respondents

First Institutional Securities, LLC
Alan Irwin Cohen

REPRESENTATION

Claimant Frank F. Goodman ("Goodman") appeared Pro Se.

For respondents First Institutional Securities, LLC ("FIS") and Alan Irwin Cohen ("Cohen") appeared their representative and in-house counsel, Robert M. Axelrod, Esq.

CASE INFORMATION

Statement of Claim filed: February 2, 1996.

Claimant's Submission Agreement signed on: January 30, 1996.

Joint Statement of Answer filed by respondents on: March 29, 1996.

Respondent FIS's Submission Agreement signed on: March 12, 1996.

HEARING INFORMATION

Pre-Hearing Conference:	November 4, 1996	-	one session
	March 7, 1997	-	one session
Hearing Dates/Sessions:	March 4, 1997	-	two sessions
	March 5, 1997	-	two sessions
	June 18, 1997	-	two sessions

The hearings were conducted at locations in New York City selected by the National Association of Securities Dealers Regulation, Inc.

CASE SUMMARY

Claimant Goodman alleged that he is a sophisticated investor with considerable net worth and 25 years of stock market investment experience. Claimant also alleged that in 1988 he established an investment relationship with Cohen at FIS following the departure of his former account executive. Claimant further alleged that most of his investments before the entry of Cohen were in municipal bonds, money market funds or other similarly safe investments. Claimant contended that in 1989, Cohen recommended the purchase of collateralized mortgage obligations ("CMOs") stating that the investments were as safe as municipal bonds. Claimant further contended that he followed the advice and received the interest and principal as expected. Claimant also contended that in 1993, Cohen recommended a new type of investment, inverse floaters, but assured him that the investments were nevertheless appropriate for his portfolio. Claimant asserted that he signed a letter from FIS describing the nature of the new investments because Cohen again assured him that it was routine and that there was no greater risk with the new investments over the old ones. Claimant further asserted that in 1994 he began receiving notices which shortened the expected life of his investments and noticed that the value of others had dropped dramatically. Claimant also asserted that he contacted Cohen about the change. Claimant alleged that it was not until this time that he realized that the investments were so sensitive to interest rate changes. Claimant further alleged that the respondents failed to advise him of this sensitivity feature and misrepresented the type of investment he was purchasing. Claimant also alleged that as a result of the above, he has suffered a loss for which the respondents should be held liable.

Respondents maintained that claimant agreed to purchase the securities and signed a letter dated January 30, 1996 risk disclosure statement evidencing his knowledge of the inherent risks with the securities purchased. Respondents further maintained that in 1994, the fixed income market suffered substantial losses, especially inverse floaters. Respondents also maintained that although claimant the value of many of these securities had dropped, most have recovered in value at this time. Respondents contended that the CMO's purchased by claimant were not risky because they would, and will, pay according to their terms which provided for a last possible payment date and an interest rate. Respondents further contended that the inverse floaters had additional features which were described and fully disclosed to claimant. Respondents also contended that as a result of the above, the claims should be dismissed in their entirety.

RELIEF REQUESTED

Claimant requested \$49,525.00 in damages plus interest, costs, \$10,000.00 punitive damages, reasonable attorney's fees, and such other relief as the panel deems appropriate.

Respondents requested that the claims be dismissed in their entirety. Respondents further requested that this matter be expunged from NASD's records.

OTHER ISSUES CONSIDERED & DECIDED

The arbitration panel made the following rulings concerning respondent Alan Irwin Cohen who did not file a Submission Agreement:

1. Pursuant to Rule 10101 of the NASD Code of Arbitration Procedure (the "Code"), the panel found subject matter jurisdiction over this entire controversy.
2. The panel found that respondent Cohen was an associated person of an NASD member at the time this controversy arose. Consequently, the panel found personal jurisdiction over respondent Cohen pursuant to Rule 10301 of the Code.
3. In view of (2) above, the panel found that respondent Cohen was required to file with NASD Regulation a properly executed Submission Agreement pursuant to Rule 10314(b) of the Code. In this regard, the panel found that the Statement of Claim was properly served upon respondent Cohen, pursuant to Rule 10314(a) of the Code.

The Award in this matter has been executed in counterpart. The original Award remains on file with NASD Regulation.

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. Upon completion of claimant's case, respondents moved to dismiss the claims. In response to the motion, the panel found that the claims of claimants Frank F. Goodman, Frank F. Goodman as Trustee for Tappins Employees' Profit Sharing Trust Fund against respondents First Institutional Securities Corp., LLC and Alan Irwin Cohen are denied in their entirety.
2. Respondent First Institutional Securities Corp., LLC and Alan Irwin Cohen request that this matter be expunged from NASD records is granted. After a hearing on the merits, the panel hereby directs NASD Regulation to expunge all references to NASD Regulation case #96-00486 from the Central Registration Depository records of respondents First Institutional Securities Corp and Alan Irwin Cohen.
3. The parties shall bear their respective attorney's fees and costs.
4. All other relief requests are denied.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation shall retain the \$150.00 non-refundable filing fee previously deposited by claimant and have assessed the following forum fees:

two pre-hearing conferences x \$300.00	= \$ 600.00
six hearing sessions x \$500.00	= \$3,000.00
minus claimant's \$500.00 deposit	= \$ 500.00
total outstanding fees	= \$3,100.00

Claimant Frank F. Goodman be and hereby is liable for the sum of \$3,600.00 representing the total amount of forum fees assessed. Claimant previously deposited \$500.00 with NASD Regulation. Therefore, claimant shall pay \$3,100.00 to NASD Regulation in satisfaction of outstanding forum fees.

ARBITRATORS' SIGNATURES

I, Richard E. Lerner, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

A handwritten signature in cursive script that reads "Richard E. Lerner". The signature is written in dark ink and is positioned above a horizontal line.

Richard E. Lerner, Esq.
Public Chairperson

I, Saul Scheier, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Saul Scheier, Esq.
Public Panelist

I, Frank Neil Napolitano, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Frank Neil Napolitano
Public Panelist

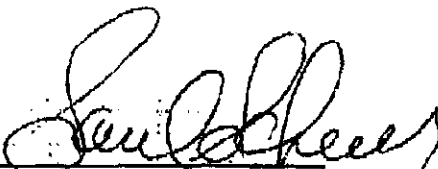
Date of Decision: June 25, 1997

ARBITRATORS' SIGNATURES

I, Richard B. Lerner, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Richard B. Lerner, Esq.
Public Chairperson

I, Saul Scheier, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.


Saul Scheier, Esq.
Public Panelist

I, Frank Neil Napolitano, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Frank Neil Napolitano
Public Panelist

Date of Decision: June 25, 1997

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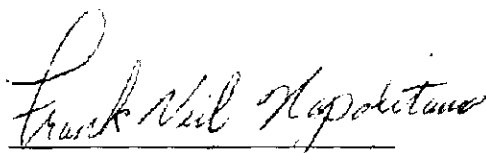
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Public Chairperson

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Saul Scheier, Esq.
Public Panelist

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Frank Neil Napolitano
Public Panelist

Date of Decision: June 25, 1997