

NASD REGULATION, INC.

In the Matter of the Arbitration Between

Name of Claimant

Ralph Straetz

96-00588

Name of Respondent

Stoever, Glass & Company Inc.

REPRESENTATION

For Claimant Ralph Straetz ("claimant") appeared Robert D. Kraus, Esq., New York, New York.

For Respondent Stoever, Glass & Company, Inc. ("respondent") appeared Michelle Laitres Orlowski, Esq. of Cusack & Stiles, New York, New York.

CASE INFORMATION

Statement of Claim filed: February 9, 1996

Claimant's Submission Agreement signed on: January 29, 1996.

Statement of Answer filed by Respondent on: April 3, 1996.

Respondent's Submission Agreement signed on: March 29, 1996.

HEARING INFORMATION

Hearing Dates/Sessions:	November 11, 1996	Two sessions
	January 28, 1997	One session (Panel Deliberation)

Hearing Location: The hearing sessions on November 11, 1996 were held at the offices of NASD Regulation, Inc.

CASE SUMMARY

Claimant alleged that respondent recommended unsuitable purchases for him which were inconsistent with his investment objectives, failed to disclose the commissions generated on the sale of the investment, failed to maintain proper books and records and failed to respond to claimant's inquiries. Claimant contended that he consulted with respondent for the initial time in or about October or November 1991. Claimant stated that, at that time, he was 73 years old, fully retired and living on a fixed income. Claimant also alleged that his registered representative was David Weiner ("Weiner").

Claimant alleged that he advised Weiner that he sought to invest his retirement savings in tax free

municipal bonds. Claimant alleged that he advised Weiner that he sought safe investments. Claimant also alleged that Weiner urged him to purchase interests in two limited partnerships totalling \$115,000. Claimant alleged that this sum equalled more than one half of claimant's retirement savings. Claimant alleged that the limited partnerships in which he purchased interests were Datronic Finance Income Fund ("Datronic") and American Income Fund I-D and I-E ("American").

Claimant alleged that respondent's actions and respondent's failure to act violated NASD Rules of Fair Practice and constituted a breach of respondent's duty to claimant by, among other things, recommending the purchase of securities which were inconsistent with claimant's investment instructions and objectives, recommending the purchase of securities which were not suitable for claimant, recommending that claimant purchase highly speculative securities that were illiquid, failing to disclose the commissions generated on the sale of the limited partnership interests, failing to maintain proper books and records, and, failing to respond to claimant's inquiries.

Respondent denied claimant's allegations that the purchases made for him were inconsistent with claimant's investment instructions and objectives. Respondent maintained that claimant executed the subscription agreement in each instance to order the subject investments. Respondent alleged that, in each instance, and after discussion, claimant instructed Weiner to send him the prospectus and subscription agreements for each of the limited partnerships.

Respondents contended that claimant was not forced to make these investments and was provided all the time required to read each prospectus and ask questions before signing the subscription agreements. Respondent alleged that Weiner learned through his conversations with claimant that claimant had a net worth of \$500,000 and approximately \$70,000 in annual income. Respondent contended that these criteria were more than adequate to satisfy the suitability requirements for investment in the limited partnerships. Respondent also maintained that claimant returned the subscription agreements which acknowledged that he had read the prospectus. Respondent maintained that each prospectus clearly detailed the risks, suitability and lack of liquidity of the investments. Respondent maintained that claimant was an informed investor and that the limited partnerships were suitable investments for claimant.

Respondent also denied that it violated the NASD Rules of Fair Practice regarding commissions. Respondent maintained that the fees charged were the standard fees paid to all brokers for the sales of limited partnerships. Respondent also denied that it failed to maintain proper books and records and denied that it failed to respond to customer inquiries.

RELIEF REQUESTED

Claimant requested compensatory damages of \$115,000 (exclusive of attorney's fees, costs and interest), as the difference between the principal face value of the securities which respondent induced claimant to purchase and the present fair market value of the securities; treble damages of \$350,000; and attorney's fees, interest, costs and disbursements associated with the arbitration proceeding.

Respondent requested dismissal of the claims in their entirety and attorney's fees, interest and the costs and disbursements associated with the arbitration proceeding.

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 NASD Regulation, Inc.

At the conclusion of the hearing, the panel ordered the parties to submit documentation with regard to the present and future value of the limited partnerships. The panel received these materials from the parties and included this documentation in its deliberations.

AWARD

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

1. The percentage of claimant's investment in the limited partnerships was unsuitably high;
2. The concentration of claimant's investment in the limited partnerships was unsuitable given claimant's investment objective;
3. Respondent is not responsible for the performance, fraud or losses of the limited partnerships;
4. Respondent be and hereby is liable to claimant for the sum of \$40,000.
5. In return for delivery of the sum of \$40,000 from respondent to claimant, claimant will transfer 100% ownership of Datronic and American 1-D and 1-E, the limited partnerships, to respondent.
6. Each party is to bear their own costs.
7. All other claims are denied.

FORUM FEES

Pursuant to Section 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$200.00 non-refundable filing fee and have assessed the following Forum Fees:

3 sessions	x	\$750.00	=	\$2250.00
minus hearing				
session deposit			-	<u>\$750.00</u>
TOTAL OUTSTANDING				\$1500.00

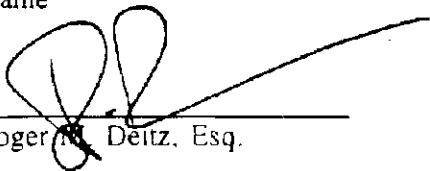
Claimant be and hereby is liable for the sum of \$1125.00 representing one half of the total forum fees assessed. Claimant has previously deposited \$750.00 with NASD Regulation, Inc. and therefore owes \$375.00

Respondent be and hereby is liable for the sum of \$1125.00 representing one half of the forum fees assessed. Respondent owes the sum of \$1125.00.

Fees are payable to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

Name

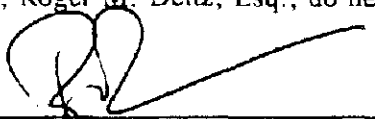


Roger M. Deitz, Esq.

Larry A. Kimmel

Charles C. Marotta

I, Roger M. Deitz, Esq., do hereby certify that this is my decision in the above-referenced matter.



Roger M. Deitz, Esq.

NASD Date of Decision: February 18, 1997

Fees are payable to NASD Regulation, Inc.

Concurring Arbitrators' Signatures
Name

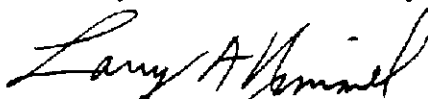
Roger M. Deitz, Esq.



Larry A. Kimmel

Charles C. Marotta

I, Larry A. Kimmel, do hereby certify that this is my decision in the above-referenced matter.



Larry A. Kimmel

NASD Date of Decision: February 18, 1997

Concurring Arbitrators' Signatures
Name

Roger M. Deitz, Esq.

Larry A. Kimmel

Charles C. Marotta
Charles C. Marotta

I, Charles C. Marotta, do hereby certify that this is my decision in the above-referenced matter.

Charles C. Marotta
Charles C. Marotta

NASD Date of Decision: February 18, 1997