

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Frank and Pat Ferraro

96-01843

Name of Respondents

Summit Financial Securities, Inc.
Jerry Wolf
Summit Financial Strategies, Inc.

REPRESENTATION

For Claimants Frank and Pat Ferraro ("Claimants") appeared David G. Cohen, Esq. located in Buffalo, New York.

For Respondents Summit Financial Securities, Inc. ("Summit") Jerry Wolf ("Wolf") and Summit Strategies, Inc. ("Summit Strategies") appeared Robert J. Lane, Jr., Esq. of the law firm of Hodgson Russ Andres Woods & Goodyear located in Buffalo, New York.

CASE INFORMATION

The Statement of Claim was filed on April 19, 1996. Claimants filed a properly executed Submission Agreement executed on April 19, 1996.

A Joint Statement of Answer was filed on June 26, 1996. Respondent Summit Financial Securities, Inc.'s properly executed Submission Agreement was executed on July 26, 1996. Respondent Jerry Wolf's properly executed Submission Agreement was executed on July 26, 1996.

HEARING INFORMATION

Pre-Hearing Conference:	October 18, 1996	-	1 Session
Hearing Date/Sessions:	November 6, 1996	-	2 Sessions

The hearing was held at the Holiday Inn, 620 Delaware Avenue located in Buffalo, New York.

CASE SUMMARY

Claimants alleged that the respondents recommended that claimants purchase units in Citi-Oak Vista Partners, a limited partnership. The units were offered to investors for \$18,625.00 per unit. Respondent Wolf allegedly recommended the investment as a safe investment with a track record of managing profitable limited partnerships for investors.

Claimants alleged that respondent Wolf employed high-pressure sales techniques to induce claimants to purchase Citi-Oak units. Claimants also alleged that during conversations with Frank Ferraro, respondent Wolf failed to provide Ferraro with a number of material facts relative to making a decision in investing in the Citi-Oak private placement.

Claimants further alleged that based on the misstatements of material fact, omissions of material fact, and the high pressure sales tactics employed by Wolf, claimants agreed to purchase one unit of the Citi-Oak private placement.

Respondents denied all allegations of wrongdoing asserted in the Statement of Claim. Respondents maintained that Wolf did not fail to disclose information that was or should have been available to him in the exercise of reasonable care in recommending Citi-Oak. Respondents also denied that Wolf employed high-pressure sales techniques to induce claimants to purchase the Citi-Oak unit.

Respondents maintained that the claims alleged by claimants are barred by the doctrines of waiver, ratification, laches, and/or estoppel; that the claims are barred by claimants' execution of the Subscription Agreement in which claimants represented that the Partnership investment was suitable for them and that they had read and understood the private placement memorandum; that claimants' claim that the Citi-Oak investment was represented to be safe and without risk; that the allegations that the risks of the investment were not disclosed is barred by claimants admission that they received and read the Citi-Oak private placement memorandum which expressly disclosed that it is a "high risk" offering and disclosed the specific risks involved; and that claimants' claim that Wolf employed "high pressure" sales tactics is untrue.

RELIEF REQUESTED

Claimants requested that they be awarded monetary damages against respondents, jointly and severally, in an amount sufficient to compensate for the loss resulting from the violations alleged, which amount exceeds \$17,694.00, together with punitive damages, interest, costs (including the arbitration fee), and disbursements. In the alternative, claimants request rescission of the sale of the Citi-Oak Unit, together with punitive damages, interest, costs and disbursements.

Respondents requested an award as follows:

1. Against Claimants, dismissing the Statement of Claim in its entirety, directing that claimants be fully responsible for all arbitration fees and expenses associated with this proceedings, and awarding respondents their expenses and attorneys' fees incurred in defending this arbitration.
2. Such further relief as the arbitration panel deems proper.

AWARD

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

The Claimants, a physician and his wife, do not claim that this type of an investment was inappropriate. Rather, they claim that they were subjected to high pressure sales tactics and that the Respondents failed

to disclose material facts. The Claimants also claim that the Respondents recklessly, or intentionally, mislead them by stating that construction of this low-income housing project had been completed.

The Claimants have failed to meet their burden that "high pressure sales tactics" were used to induce them to purchase a limited partnership unit.

The evidence does not support the claim that the Respondents failed to provide the Claimants with a number of material facts. Many of the "facts" alleged were not proven at the hearing. One of the facts alleged is that the president of the General Partners had "been suspended from practicing law in 1989". In a filing made to the New York Attorney General, the General Partners disclosed that the president was temporarily suspended from the California State Bar in 1981-83 as a result of a client dispute "not involving dishonest conduct or financial wrong doing". The Respondents testified that they had no knowledge of the suspension. The testimony of Respondent Wolf is creditable in this regard.

The Claimant's testified that it was their desire to only invest in a project in which construction had already taken place. Respondent Wolf admitted that he told the Claimants that the housing complex involved had already been constructed. Wolf testified that he was given this information by the regional sales manager for the General Partners. Wolf's testimony should be credited. It appears that the General Partners even lied to the New York State Attorney General in this regard, when they stated in a document that the purpose of the offering was to acquire limited partnership interest in a limited partnership which will "own and operate 90 newly constructed residential units..."

Although not expressly plead, Claimants also argue that the Respondents did not conduct reasonable due diligence with respect to the General Partners before recommending the sale to the Claimants. In fact, the Respondents sent two (2) representatives to meet with employees of the General Partners and they examined documents pertaining to other limited partnerships sponsored by the General Partners. Additionally, the Respondents checked with references provided.

It appears that the General Partners and numerous limited partners have filed for bankruptcy. This was occasioned by fraud committed by the president of the General Partners. This individual is now a convicted felon and serving a lengthy prison sentence.

The Claimants were victimized, but not by the Respondents. While all investors experience the risk of the market place, the risk of someone apparently committing criminal acts and causing this investment to fail, is not a risk that could reasonably have been foreseen by either the Claimants or the Respondents. The Claimants' request for relief must be denied in all respects. Each party should be responsible for their own fees, costs and disbursements of this proceeding.

FORUM FEES

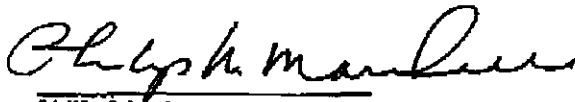
1 prehearing conference x \$300 = \$300.00
2 hearing sessions x \$300 = \$600.00 - \$300.00 = \$300.00

Claimants be and hereby are liable and shall pay to NASD Regulation, Inc. the sum of \$300.00 representing one-half of the outstanding forum fees.

Respondents be and hereby are jointly and severally liable and shall pay to NASD Regulation, Inc. the sum of \$300.00 representing one-half of the outstanding forum fees.

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Arbitrator's Signature
Name


Philip Marshall, Esq.

I, Philip Marshall, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.


Philip Marshall, Esq.

Date of Decision: January 3, 1997