

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Esteban and Sonia Monell

96-02651

Name of Respondents

Nations Securities
Larry S. Karlin

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on June 20, 1996, claimants Esteban and Sonia Monell ("claimants") through their representative and in-house counsel, Jeff Cahn of Investment Arbitration Consultants, Inc., located in Boca Raton, Florida, alleged that respondents Nationwide Securities ("NS") and Larry Karlin ("Karlin") sold them a security to their detriment. Claimants further alleged that in September of 1995, they relocated their residence and in the process opened an account at Nations Bank whereupon they followed a bank representative's advice and opened an account at Nations Securities. Claimants also alleged that they subsequently met with Karlin of NS who they told that their investment money would be needed to purchase a home within a year and that their experience was limited to low risk investments. Claimants contended that Karlin advised them to purchase Ginnie Mae investments to which they agreed but that he purchased \$80,000.00 worth of Fannie Mae investments instead. Claimants further contended that the Fannie Mae investment began falling in value and because of Karlin's reassurances they did not sell the investment until after receipt of their March 1996 account statement. Claimants also contended that as a result of the above, they have suffered a loss for which the respondents should be held liable.

Respondents Nations Securities and Larry S. Karlin, through their representative and counsel, Richard B. Warren, Esq., of the law firm of Kelley Aldrich & Warren, P.A. located in West Palm Beach, Florida, maintained that claimants were not mislead or deceived by them in any way whatsoever. Respondents further maintained that claimants either misunderstood the nature of their investment, or for whatever reason, decided to change their investment objectives. Respondents also maintained that claimants received prudent and practical advice. Respondents contended that the Fannie Mae was clearly a suitable investment under the circumstances under

which such investment was recommended. Respondents further contended that the recommendation not to sell the investment was appropriate, given that the claimants could have sold their treasury note instead, but decided not to do so. Respondent also contended that as a result of the above, they should not be held liable.

RELIEF REQUESTED

Claimants requested at least \$7,100.00 in actual damages, pre and post award interest, punitive damages to be determined by the arbitrator, costs, consulting fees, expenses and other such costs deemed reasonable.

Respondents Nations Securities and Larry Karlin requested that the claims be dismissed in their entirety.

AWARD

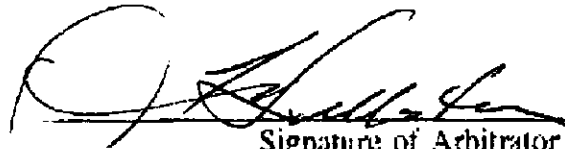
Pursuant to Section 10302 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Floyd A. Hillstrom, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the claimants on June 13, 1996, and by respondents Nations Securities on September 16, 1996, and Larry Karlin on September 10, 1996.

And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the claimants Esteban and Sonia Monell against respondent Larry Karlin are denied in their entirety.
2. Respondent Nations Securities is liable and shall pay to the claimants Esteban and Sonia Monell \$2,650.00 in actual damages.
3. The parties shall bear their respective costs and attorneys fees.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the claimants shall be retained by the NASD, Inc. Respondent Nations Securities is liable and shall pay to the claimants Esteban and Sonia Monell \$150.00 as reimbursement of the filing fee.
5. All other relief requests are denied.

AFFIRMATION

I, **Floyd A. Hillstrom, Esq.**, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: November 27, 1996

The undersigned arbitrator, Floyd A. Hillstrom, Esq., has reviewed the award and the parties' submissions, and has rendered the following decision:

The award of the arbitrator, Floyd A. Hillstrom, Esq., is hereby affirmed by the undersigned arbitrator, Floyd A. Hillstrom, Esq., and the parties, as follows:

The undersigned arbitrator, Floyd A. Hillstrom, Esq., has rendered the following decision:

The award of the arbitrator, Floyd A. Hillstrom, Esq., is hereby affirmed by the undersigned arbitrator, Floyd A. Hillstrom, Esq., and the parties, as follows: