

NASD REGULATION, INC. AWARD

In the Matter of the Arbitration Between

Names of Claimants

Denis Piel, Inc. Fund
Denis Piel, Inc.

96-05376

Names of Respondents

Investors Associates, Inc.
Jason B. Schneitzer

REPRESENTATION

For Claimants Denis Piel, Inc. Fund and Denis Piel, Inc. (collectively referred to as "Claimants") appeared Ronald B. Goodman, Esq., of the law firm Robinson Brog Leinwand Green Genovese & Gluck, P.C., located in New York, New York.

For Respondent Investors Associates, Inc. ("Investors Associates") appeared David Sayid, Esq., of the law firm Sayid and Associates, located in Hackensack, New Jersey.

For Respondent Jason B. Schneitzer ("Schneitzer") appeared Taso Kalapoutis, Esq., of the law firm Fazzini & Kalapoutis, located in Huntington Station, New York.

CASE INFORMATION

Claimants' Statement of Claim was filed on December 12, 1996. Claimants' Submission Agreement was signed on January 9, 1997.

Investors Associates Statement of Answer was filed on March 20, 1997. Investors Associates did not file a Submission Agreement.

Schneitzer's Statement of Answer was filed on February 14, 1997. Schneitzer's Submission Agreement was signed on February 19, 1997.

HEARING INFORMATION

Pre-Hearing Conference:

September 3, 1997

-

Full Panel

Schneitzer denied that any commission in the accounts was excessive in the time he was handling the accounts.

RELIEF REQUESTED

Claimants requested damages of \$63,978.00, plus interest, counsel fees, arbitration fee and treble damages.

Investors Associates requested that the Statement of Claim be denied in its entirety, that it be awarded the costs, fees, expenses and reasonable attorneys' fees in an amount not less than \$10,000.00 incurred in defending this claim, and such other and further relief as justice and equity required.

Schneitzer requested that all claims against him be dismissed in their entirety, and he be awarded his attorneys' fees and costs in this matter.

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 remains on file with the NASD.

The panel made the following determinations concerning Investors Associates, who did not appear at the hearing in this matter:

1. Pursuant to Rule 10101 of the Code of Arbitration Procedure (the "Code"), the panel found subject matter jurisdiction over this entire controversy.
2. The panel found that Investors Associates was a member of the NASD at the time this controversy arose. Accordingly, the panel found personal jurisdiction over Investors Associates pursuant to Rule 10301 of the Code.
3. In accordance with Rules 10310, 10315 and 10318 of the Code, the panel found that NASD Regulation, Inc. provided Investors Associates with "due notice" of the hearings conducted in this matter by regular and certified mail. The panel further determined to proceed with the hearing without Investors Associates, whose absence was unexcused.

AWARD

After considering the pleadings, the testimony, 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. All claims against Schneitzer are hereby dismissed in their entirety with prejudice.
2. Claimant, with the permission of the panel, moved for a default judgment against

Hearing Date/Sessions:

October 30, 1997

- Two Sessions

The hearing was conducted at the offices of NASD Regulation, Inc., located in New York, New York.

CASE SUMMARY

Claimants alleged that Schnitzer, an employee of Investors Associates, solicited Denis Piel ("Piel") to open investment accounts on behalf of each of the Claimants. Claimants also alleged that Schnitzer advised Piel that no commission would be charged for the first investments, and that, subsequently, commission would be a minimum in proportion to the gain that the two accounts would receive. Claimants further alleged that, on this basis, Piel, on behalf of both entities, agreed to invest through Investors Associates.

Claimants asserted that the commissions that they were charged were excessive. Claimants also asserted that certain unauthorized trades were made by Schnitzer, without the authority of Piel. Claimants further asserted that investments were made based upon representations of Schnitzer that proved to be untrue.

Claimants contended that, despite the fact that Piel advised Schnitzer that the investment accounts were non-discretionary, Schnitzer made unauthorized trades, charged excessive commissions, and misrepresented material facts in connection with the Claimants' acquisition and sale of securities.

Investors Associates maintained that Claimants' claim was without merit and did not mention how Investors Associates was responsible for any of Claimants' losses. Investors Associates also maintained that, upon opening the investment accounts, Piel represented that he was very knowledgeable in the securities industry, that he had securities accounts at other broker dealers, and that he knew the "ins and outs" of the securities industry. Investors Associates further maintained that Schnitzer never stated to any of his accounts that there would not be any commissions on any transactions. Investors Associates asserted that all of the trades were authorized and disclosed to Piel prior to being transacted, that some of the trades were unsolicited transactions, and that the commissions earned were all disclosed in full accordance with industry rules and regulations.

Schnitzer denied each and every allegation of misrepresentation, unauthorized transactions or other improper actions made by Claimants. Schnitzer maintained that the allegations pertained to a time when he was no longer affiliated with Investors Associates and had no involvement with Claimants' accounts. Schnitzer also maintained that he officially resigned his employment with Investors Associates on January 2, 1996, and, therefore, he could not possibly have had any involvement with any transactions in Claimants' accounts in January 1996, the time during which the dispute arose according to the Statement of Claim.

Schnitzer further maintained that he at no time entered any transactions in either of the accounts which was not specifically authorized by the Claimants' principal and never misrepresented any fact, material or otherwise, concerning any investment recommendation to Claimants.

Investors Associates at the hearing. The motion was granted as against Investors Associates only and Claimant's evidence and post-hearing submissions have also been considered with respect thereto.

3. While Respondent Investors Associates has in fact defaulted, the allegations raised against Investors Associates sound, in sum and in essence, only in liability based upon respondeat superior. Since there has been no finding of liability as to Respondent Schnitzer, there can be no substantive liability against Investors Associates. Accordingly, the claims against Investors Associates are also dismissed in their entirety with prejudice.
4. The parties shall bear their respective costs, including attorneys' fees, except that Investors Associates is hereby liable and shall pay to Claimants the sum of \$950.00 to reimburse Claimants for the filing fee and hearing session deposit paid to NASD Regulation, Inc.
5. All other requests for relief are hereby denied.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the arbitrators have assessed the following forum fees:

filing fee	= \$ 200.00
1 pre-hearing conference (full panel)	= \$ 750.00
2 hearing sessions x \$750.00	= <u>\$1,500.00</u>
Total Forum Fees	= \$2,450.00

1. Investors Associates is hereby liable for the sum of \$2,450.00, representing the total amount of forum fees assessed. Claimants previously paid \$950.00 to NASD Regulation, Inc., and, therefore Investors Associates shall pay the balance of \$1,500.00 to NASD Regulation, Inc. and \$950.00 to Claimants as provided in the "Award" section above.
2. Investors Associates is hereby liable for and shall pay the sum of \$350.00, representing the member surcharge.

Fees are payable to NASD Regulation, Inc.

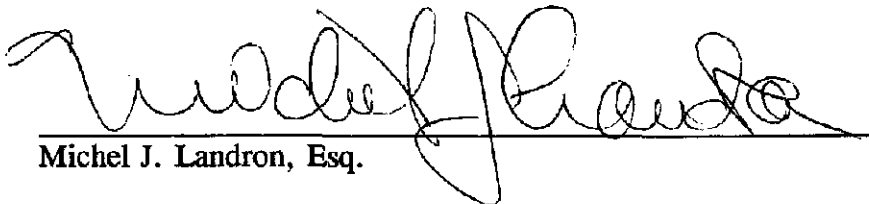
Arbitrators' Signatures



Michel J. Landron, Esq.
Public Arbitrator - Chairperson

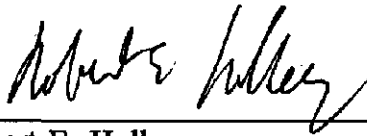
Date of decision: May 5, 1998

I, Michel J. Landron, 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.



Michel J. Landron, Esq.

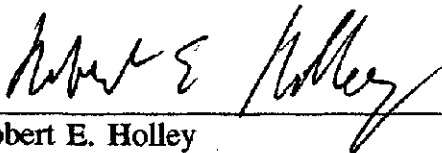
Arbitrators' Signatures



Robert E. Holley
Industry Arbitrator

Date of decision: May 5, 1998

I, **Robert E. Holley**, 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.



Robert E. Holley

Arbitrators' Signatures



Jay L. Himes, Esq.
Public Arbitrator

Date of decision: May 5, 1998

I, Jay L. Himes, 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.



Jay L. Himes, Esq.