

**AWARD
NASD REGULATION, INC.**

In the Matter of the Arbitration Between

Name of Claimants

Jacqueline & Ralph Grosso

and

Case Number
98-00477

Name of Respondents

David Lerner Associates

William Scheer

REPRESENTATION OF PARTIES

Jacqueline & Ralph Grosso ("Claimants") appeared pro se.

For David Lerner Associates ("DLA") appeared Ruthann G. Niosi, Esq., a sole practitioner located in New York, New York.

For William Scheer ("Scheer") appeared Ruthann G. Niosi, Esq., a sole practitioner located in New York, New York.

CASE INFORMATION

Claimant filed the Statement of Claim on January 15, 1998.

Claimant signed the Uniform Submission Agreement on November 29, 1998.

DLA and Scheer (collectively referred to as "Respondents") filed a joint Statement of Answer on July 15, 1998.

Respondents did not execute Uniform Submission Agreement.

HEARING INFORMATION

Pre-Hearing Conference: October 6, 1998 One Session

Hearing Dates: December 1, 1998 One Session

The hearings were held at NASD Regulation, Inc., Office of Dispute Resolution ("NASD Regulation") located in New York, New York.

Award 98-477 Page 2**CASE SUMMARY**

Claimants alleged that William Scheer, an employee of DLA, inappropriately placed them in speculative securities. Specifically, Claimants alleged that Scheer knew that Claimants were conservative investors and that the monies invested were earmarked for their sons' education. However, Scheer is alleged to have misrepresented the securities and purchased highly speculative risk securities which devalued with the collapse of the Mexican peso.

Respondents denied the allegations of wrongdoing set forth in the Statement of Claim. Specifically, Respondents denied making any guarantees about the funds' performance. Respondents maintained that Claimants advised Scheer that revenues generated by the investment would primarily be used for relocating and secondarily for the education of Claimants' children. Respondents maintained that Scheer explained to Claimants the risk associated with investing in the funds. Respondents also maintained that because of Claimants' financial profiles and their investment objectives the purchases of the fund shares were suitable when made.

RELIEF REQUESTED**Claimants requested:**

1. Compensatory damages in the amount of \$20,000.00.
2. Arbitration costs in the amount of \$900.00.
3. Other costs in the amount of \$1,000.00.

Claimants request
Compensatory

Arbitration

Other costs

Respondents requested:

1. That the Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED & DECIDED

Respondents did not file with NASD Regulation, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule or 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing are bound by the determination of the arbitration panel on all issues submitted.

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 original remains on file with NASD Regulation, Inc.

Award 98-477 Page 3**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 issues submitted for determination as follows:

1. Respondents' request that the Statement of Claim be dismissed is granted.
2. Claimants' request for Arbitration costs is denied, except as provided in the Forum Fee section of this award.
3. Claimants' request for Other costs is denied.
4. Any and all request not specifically addressed is denied.

OTHER COST

Pursuant to Rule 10333 of the Code DLA was assessed a member surcharge in the amount of \$400.00, which has been paid.

FORUM FEES

Pursuant to Rule 10332 of the NASD Code of Arbitration Procedure, the arbitrator has determined that the NASD will retain the \$100.00 filing fee deposited by the Claimants.

The arbitrators have assessed the following forum fees:

1 Pre-Hearing Conference	x	\$300.00	=	\$300.00
1 Hearing Sessions	x	\$300.00	=	\$300.00
Total Forum Fees				\$600.00
Minus Claimants Hearing Session Deposit				(\$300.00)
Outstanding Balance				\$300.00

DLA has been assessed \$600.00 representing the total amount of forum fees assessed. Therefore, DLA shall pay to NASD Regulation, Inc., \$300.00 in satisfaction of outstanding balance. DLA shall reimburse Claimants the \$300.00 hearing session deposit.

Fees are payable to NASD Regulation, Inc.

Award 98-477Page 4**ARBITRATION PANEL**

Mathias E. Mone, Esq. - Public Chairperson

ARBITRATOR'S SIGNATURE

I, Mathias E. Mone, 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.


Mathias E. Mone, Esq.
Public Chairperson

Date Decision Served by NASD Regulation, Inc.:

January 25, 1999