

Investors Win First David Lerner Apple REIT Arbitration Case

By: Debra Speyer

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Investors have won the first [securities arbitration](#) against David Lerner Associates Inc. regarding the sale of Apple real estate investment trusts (REITS). Financial Industry Regulatory Authority Inc. arbitrator Alvin Green ordered Lerner to pay Joseph Graziose and Florence Hechtel \$24,450 after they return their shares of Apple REIT Nine to the firm.

The decision is good news for other scorned investors who have already filed or plan to file complaints against the firm over the investments. In this case, the claimants had alleged a number of claims, including "misrepresentation and omissions, breach of fiduciary duty, violation of FINRA Conduct Rules, negligence, failure to supervise, breach of contract, and fraudulent misrepresentation."

As we have previously discussed in a prior blog post about [David Lerner](#), FINRA has also filed a complaint against Lerner regarding a related REIT, Apple REIT Ten. It contends that Lerner is misleading investors about REITS. The complaint states that the firm has solicited "thousands of customers to purchase Apple REIT Ten without performing adequate due diligence."

As demonstrated by this case and others, investors should be extremely cautious about investing in nontraded REITs.

Source: [Investment News](#)

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About Debra Speyer

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