

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Denoco Holdings B.W.I. Ltd. and David M. Baum, (Claimants) vs. Lee Michael Shapiro, Denise Marie Shapiro, and Parker Bromley Ltd., (Respondents)

Case Number: 00-00472

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants, Denoco Holdings B.W.I. Ltd. ("Denoco") and David M. Baum ("Baum"), hereinafter collectively referred to as "Claimants": Douglas S. Trokie, Esq., Law Offices of Douglas S. Trokie, New York, NY.

Respondents, Lee Michael Shapiro ("L. Shapiro") and Denise Marie Shapiro ("D. Shapiro"), appeared *pro se*.

Respondent, Parker Bromley Ltd. ("Parker"), did not make an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: January 28, 2000.

Amended Statement of Claim filed on or about: November 1, 2000.

Denoco signed the Uniform Submission Agreement: January 24, 2000.

Baum signed the Uniform Submission Agreement: January 24, 2000.

Statement of Answer filed by L. Shapiro on or about: January 14, 2001.

L. Shapiro did not sign a Uniform Submission Agreement.

D. Shapiro did not file a Statement of Answer or sign a Uniform Submission Agreement.

Parker did not file a Statement of Answer or sign a Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: violations of the Securities Exchange Act of 1934 and the Securities Act of 1933; violations of the NASD Rules of Fair Practice; violations of New York Stock Exchange Rules; common law fraud; conversion; negligence; breach of fiduciary duty; unauthorized trading; and excessive "day-trading" of stocks. Claimants' claim involved a private placement of stock in Frontline Communications Corp. ("Frontline"), and other unspecified stocks.

Unless specifically admitted in his Answer, L. Shapiro denied the allegations made in the Statement of Claim and asserted the following defenses: Baum asked L. Shapiro about an investment in Frontline the first time they met, L. Shapiro did not present the idea to Baum; Baum called L. Shapiro several times daily about making an investment in Frontline; L. Shapiro was never contacted by Baum, or anybody else representing Denoco, expressing alarm over the account activity; during the life of the account in question, ten trades were done in total, which can hardly be considered excessive "day-trading"; Claimants were aware of the risks and rewards of the investments in question; and Baum is a disgruntled investor who feels compelled to blame his investment decisions on others.

RELIEF REQUESTED

Claimants requested:

- a. Compensatory damages in the amount of \$113,438.48 for lost principal, with interest from May 21, 1998 at a rate of 9% per annum;
- b. Punitive damages in the amount of \$350,000.00;
- c. Reasonable attorneys' fees and the costs of this action; and
- d. Such other and further relief as the Panel deems just and proper.

L. Shapiro requested that Claimants' claims be dismissed.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Parker has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without Parker present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

L. Shapiro, D. Shapiro, and Parker did not file with NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

The Panel allowed Respondent D. Shapiro to appear at the March 28, 2002 hearing via telephone.

Respondent L. Shapiro also appeared via telephone on March 28, 2002, wherein he told the Panel that on the advice of legal counsel he was invoking the Fifth Amendment, and chose not to participate in the hearing. L. Shapiro then terminated his telephonic connection to the hearing.

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.

AWARD

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

1. L. Shapiro, D. Shapiro, and Parker be and hereby are jointly and severally liable for and shall pay to Claimants the sum of \$113,300.00 as compensatory damages, plus interest in the amount of \$40,500.00.
2. L. Shapiro, D. Shapiro, and Parker be and hereby are jointly and severally liable for and shall pay to Claimants the sum of \$15,000.00 as attorneys' fees, according to Claimants' request.
3. Claimants' request for punitive damages is hereby denied.
4. L. Shapiro, D. Shapiro, and Parker be and hereby are jointly and severally liable for and shall pay to Claimants the sum of \$300.00, to reimburse Claimants for the filing fee previously paid to NASD Dispute Resolution, Inc.
5. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 300.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,125.00 = \$1,125.00

Pre-hearing conference: May 16, 2001 1 session

Two (2) Hearing sessions x \$1,125.00 = \$2,250.00

Hearing Dates: December 13, 2001 1 session

March 28, 2002 1 session

Total Forum Fees = \$3,375.00

The Panel has assessed all of the forum fees jointly and severally against L. Shapiro, D. Shapiro, and Parker.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

1. Claimants, requested tapes, \$60.00.

Fee Summary

1. Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
<u>Administrative Costs</u>	= \$ 60.00
Total Fees	= \$ 360.00
<u>Less payments</u>	= \$1,485.00
Refund Due Claimants	= \$1,125.00

As stated in the "Award" section above, L. Shapiro, D. Shapiro, and Parker are jointly and severally liable and shall reimburse Claimants for the \$300.00 filing fee.

2. L. Shapiro, D. Shapiro & Parker be and hereby are jointly and severally liable for:

Forum Fees	= \$3,375.00
Total Fees	= \$3,375.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$3,375.00

All balances are due and payable to NASD Dispute Resolution, Inc.

04/15/2002 12:00 FAX

NASD REGULATION

007/009


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ARBITRATION PANEL

Neil J. Carey	-	Public Arbitrator, Presiding Chair
Victoria Anne Kummer, Esq.	-	Public Arbitrator
Barbara J. Glenns, Esq.	-	Industry Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, 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.



Neil J. Carey
Public Arbitrator, Presiding Chair

Signature Date

Victoria Anne Kummer, Esq.
Public Arbitrator

Signature Date

Barbara J. Glenns, Esq.
Industry Arbitrator

Signature Date

April 19, 2002

Date of Service (For NASD office use only)

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Date of Service (For NASD office use only)