

**Award**  
**NASD Dispute Resolution, Inc.**

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In the Matter of the Arbitration Between

Name of Claimant

Maurice Friedland, as Trustee of  
The Stanley Halpern Trust

Case No. 00-00608

Names of Respondents

R.D. White & Co., Inc.  
Charles Principato  
John Robert Piscopo

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**REPRESENTATION OF PARTIES**

For Maurice Friedland, as Trustee of The Stanley Halpern Trust ("Halpern"), hereinafter referred to as "Claimant": Jeffrey S. Grubman, Esq., Stollman and Grubman, Miami, Florida.

For R.D. White & Co., Inc. ("White"), Charles Principato ("Principato") and John Robert Piscopo ("Piscopo"), hereinafter referred to as "Respondents": Marc J. Ross, Esq., Sichenzia Ross and Friedman LLP, New York, New York until his withdrawal on November 7, 2000. Thereafter, Respondents White, Principato and Piscopo did not appear.

**CASE INFORMATION**

Statement of Claim filed on or about: February 11, 2000.

Claimant signed the Uniform Submission Agreement: February 9, 2000.

Statement of Answer filed by Respondents on or about: June 12, 2000.

Respondents did not file executed Uniform Submission Agreements.

**CASE SUMMARY**

Claimant asserted the following causes of action: Violation of the Florida Securities and Investor Protection Act, Florida Statutes Section 517.301, common law fraud, negligence, breach of fiduciary duty, and violation of the NASD Rules of Fair Practice. Claimant also asserted the claim of negligent supervision against Respondents White and Piscopo. The causes of action arise out of Respondents' failure to liquidate Claimant's shares of Capital Beverage Corporation and Genisys Reservation Systems, Inc.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the

Statement of Claim and asserted the following defenses: Claimant's claims are barred by the doctrines of waiver, estoppel and laches; Claimant's claims are barred by the applicable statute of limitations; Respondents' actions were in the ordinary course of business, were not wrongful and did not proximately cause any of the damages claimed to have been sustained by Claimant herein; there is no private right of action based on violations of the NASD Rules of Fair Practice; any losses sustained by Claimant are wholly attributable to market conditions and price fluctuations outside the control of Respondents; Respondents did not owe Claimant any fiduciary duty; Respondents conducted their business in a professional manner and acted in good faith, without knowledge of, or participation in, any alleged improper conduct; Claimant is not entitled to punitive damages, costs or attorneys' fees; and, Respondent White had in place at all times a system to monitor the activities of its brokers to ensure their compliance with state and federal securities laws.

#### **RELIEF REQUESTED**

Claimant requested compensatory damages of approximately \$75,000.00, interest, punitive damages, costs of arbitration, attorneys' fees and such other and further relief as the arbitration panel deemed appropriate.

Respondents requested that all claims against them be dismissed in their entirety.

#### **OTHER ISSUES CONSIDERED AND DECIDED**

Respondents White, Principato and Piscopo did not attend the evidentiary hearing in this matter. Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondents White, Principato and Piscopo have been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondents present in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondents White, Principato and Piscopo 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, having answered the claim, are bound by the determination of the Panel on all issues submitted.

The parties present at the evidentiary hearing 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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondents White, Principato and Piscopo are liable, jointly and severally, and shall pay to

nant the sum of \$69,143.00 as compensatory damages, prejudgment interest is specifically excluded. Damages are awarded as a result of Respondents' breach of fiduciary duty owed to Claimant and is not based upon a violation of a statute.

Claimant's request for punitive damages is denied.

Claimant's request for attorneys' fees is denied.

All other requests for relief not specifically addressed herein are 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 | = \$225.00 |
|--------------------------|------------|

#### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, Respondent White was a member firm until July 10, 2000.

|                         |              |
|-------------------------|--------------|
| Member surcharge        | = \$1,000.00 |
| Pre-hearing process fee | = \$ 600.00  |

#### **Adjournment Fees**

No adjournments were requested during these proceedings.

#### **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 \$750.00 | = \$ 750.00 |
| Pre-hearing conference: December 6, 2000          | 1 session   |

|                                     |                     |
|-------------------------------------|---------------------|
| Two (2) Hearing sessions x \$750.00 | = <u>\$1,500.00</u> |
| Hearing Date: March 5, 2001         | 2 sessions          |

|                  |              |
|------------------|--------------|
| Total Forum Fees | = \$2,250.00 |
|------------------|--------------|

The Panel has assessed \$562.50 of the forum fees to Claimant.

The Panel has assessed \$1,687.50 of the forum fees jointly and severally to Respondents

White, Principato and Piscopo.

**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.

No administrative costs were incurred during these proceedings.

**Fee Summary**

Claimant be and hereby is solely liable for:

|   |                   |
|---|-------------------|
| Initial Filing Fee                        | = \$225.00        |
| Forum Fees                                | = \$562.50        |
| Total Fees                                | = \$787.50        |
| <u>Less payments</u>                      | <u>= \$787.50</u> |
| Balance Due NASD Dispute Resolution, Inc. | = \$ 0.00         |

Respondent White be and hereby is solely liable for:

|   |                     |
|---|---------------------|
| Member Fees                               | = \$1,600.00        |
| Total Fees                                | = \$1,600.00        |
| <u>Less payments</u>                      | <u>= \$1,000.00</u> |
| Balance Due NASD Dispute Resolution, Inc. | = \$ 600.00         |

Respondents White, Principato and Piscopo be and hereby are jointly and severally liable for:

|   |                  |
|---|------------------|
| Forum Fees                                | = \$1,687.50     |
| Total Fees                                | = \$1,687.50     |
| <u>Less Payments</u>                      | <u>= \$ 0.00</u> |
| Balance Due NASD Dispute Resolution, Inc. | = \$1,687.50     |

All balances are payable to NASD Dispute Resolution, Inc. and are due immediately upon receipt of the Award by the parties.

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
/s/  
Leon H. Attias  
Public Arbitrator, Presiding Chair

\_\_\_\_\_  
Signature Date

**Pedro Juan Perez-Nieves, Esq.**

Signature Date

Arthur J. Blyden

Signature Date

April 16, 2001

Date of Service (For NASD-DR office use only)

White, Principato and Piscopo.

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| Balance Due NASD Dispute Resolution, Inc. | = \$ 0.00         |

Respondent White be and hereby is solely liable for:

|   |                     |
|---|---------------------|
| Member Fees                               | = \$1,600.00        |
| Total Fees                                | = \$1,600.00        |
| <u>Less payments</u>                      | <u>= \$1,000.00</u> |
| Balance Due NASD Dispute Resolution, Inc. | = \$ 600.00         |

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**Concurring Arbitrators' Signatures**



Juan H. Altias  
Public Arbitrator, Presiding Chair

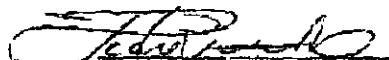
4/12/01  
Signature Date

Pedro Juan Perez-Nieves, Esq.  
Public Arbitrator

\_\_\_\_\_  
Signature Date

Arthur J. Blyden  
Industry Arbitrator

\_\_\_\_\_  
Signature Date



Pedro Juan Perez-Nieves, Esq.  
Public Arbitrator

04/12/01

Signature Date

Arthur J. Blyden  
Industry Arbitrator

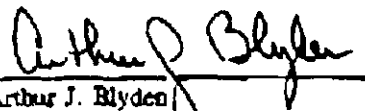
Signature Date

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NASD Dispute Resolution, Inc.  
Arbitration No. 00-2608  
Award Page 5

Pedro Juan Perez-Nieves, Esq.  
Public Arbitrator

Signature Date

  
Arthur J. Blyden  
Industry Arbitrator

4-11-01  
Signature Date

Date of Service (For NASD-DR office use only)