

**AWARD**  
**NASD Dispute Resolution, Inc.**

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In the Matter of the Arbitration Between

Name of Claimant

Randall S. Raisanen and Sheryle M. Raisanen

and

00-00789  
Phoenix, Arizona

Name of Respondents

Gruntal & Co., L.L.C.  
Adam D. Lorraine  
Stephen W. Mick

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**REPRESENTATION OF PARTIES**

Randall S. Raisanen and Sheryle M. Raisanen ("**Claimants**") were represented by Gordon P. Raisanen, Esq., Raisanen & Associates Law Firm, Ltd., Cokato, Minnesota.

Gruntal & Co., L.L.C. ("**Respondent Gruntal**"), Adam D. Lorraine ("**Respondent Lorraine**") and Stephen W. Mick ("**Respondent Mick**") (collectively as "**Respondents**") were represented by Michele Goldmeer, Esq., Gruntal & Co., L.L.C., New York, New York.

**CASE INFORMATION**

The Statement of Claim was filed on or about February 15, 2000. Submission Agreement of Claimants Randall S. Raisanen and Sheryle M. Raisanen was signed on December 23, 1999.

Statement of Answer was filed by Respondents Gruntal & Co., L.L.C., Adam D. Lorraine and Stephen W. Mick on or about July 18, 2000. Submission Agreement of Respondent Gruntal & Co., L.L.C. was signed on July 14, 2000 by Donald N. Cohen. Submission Agreement of Respondent Adam D. Lorraine was signed on October 23, 2000. Submission Agreement of Respondent Stephen W. Mick was signed on October 10, 2000.

**CASE SUMMARY**

Claimants alleged that Respondents engaged in unauthorized trading, churning, made misrepresentations and were negligent in handling their account. Specifically, Claimants alleged that on May 16, 1996, Adam Lorraine, acting in his capacity as a Gruntal Account Executive, knowingly, willfully, negligently, and maliciously without calling, advising or obtaining authorized consent, knowledge approval or permission, and in conflict with the investment criteria and strategy,

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purchased on margin, 1,200 shares of Gandalf Technologies, Inc. Claimants further alleged that under duress of the wrongful transaction, looming margin calls, and potential forced liquidation, Claimants felt they had no choice but to consent to the proffered remedial advice of Stephen Mick who through a series of transactions put Claimants' entire portfolio into Gandalf Technologies, Inc.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated that the transactions in the Claimants' account were authorized. In addition, Respondents stated that Claimants have maintained their position in Gandalf Technologies, Inc., made a subsequent purchase of the stock, satisfied margin calls, sold off other positions and ultimately paid off their debit balance to maintain the position in Gandalf Technologies, Inc. Respondents also asserted the affirmative defense that the claims asserted in this matter were barred by applicable statutes of limitations

#### **RELIEF REQUESTED**

Claimants requested an award in the amount of \$38,156, interest, attorneys' fees, costs and disbursements. In addition, Claimants requested punitive damages in an amount determined by the arbitrators to be commensurate with the alleged egregious conduct. Claimants requested other and alternative relief as the arbitrators determine fair, necessary and equitable, including treble damages and punitive damages.

Respondents requested that the claims asserted against them be dismissed. In addition, Respondent Mick requested that any reference to this claim be expunged from his CRD record.

#### **OTHER ISSUES CONSIDERED & DECIDED**

A telephonic hearing was conducted on February 12, 2001 during which the Arbitration Panel heard arguments presented on behalf of the parties on the Motion to Dismiss filed on behalf of Respondents.

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(s) remain on file with the NASD Dispute Resolution, Inc. (the "NASD").

#### **AWARD**

After considering the pleadings and the arguments presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Motion to Dismiss is granted. The Arbitration Panel has determined that the three year statute of limitation had expired.
2. In addition, the Panel directs the NASD to expunge any reference to this proceeding from Stephen Mick's CRD record. The panel recommends the expungement of all reference to the above captioned arbitration from Respondent Stephen Mick's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Stephen Mick must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

The expungement relief is granted based on the defamatory nature of the information contained on the Form U-5, however, there has been no finding that the elements required to satisfy a claim for defamation have been met.

3. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
4. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

#### **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 = \$175.00

##### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is Gruntal & Co., L.L.C.

Member surcharge = \$800.00  
Pre-hearing process fee = \$600.00  
Hearing process fee = \$1,000.00

**Forum Fees and Assessments**

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

Two (2) Pre-hearing session(s) with Panel x \$600.00	= \$1,200.00
Pre-hearing conference(s): November 6, 2000 1 session	
February 12, 2001 1 session	
Total Forum Fees	= \$1,200.00

The Arbitration Panel has assessed \$600.00 of the forum fees to Randall S. Raisanen and Sheryle M. Raisanen.

The Arbitration Panel has assessed \$600.00 of the forum fees jointly and severally to Gruntal & Co., L.L.C., Adam D. Lorraine and Stephen W. Mick.

**Fee Summary**

Claimants, Randall S. Raisanen and Sheryle M. Raisanen, shall be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$175.00
<u>Forum Fees</u>	= <u>\$600.00</u>
Total Fees	= \$775.00
<u>Less payments</u>	= <u>\$775.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

Respondent, Gruntal & Co., L.L.C., shall be and hereby is liable for:

Member Fees	= \$2,400.00
<u>Forum Fees</u>	= <u>\$ 0.00</u>
Total Fees	= \$2,400.00
<u>Less payments</u>	= <u>\$2,400.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

Respondents, Gruntal & Co., L.L.C., Adam D. Lorraine and Stephen W. Mick, shall be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= <u>\$600.00</u>
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NASD Dispute Resolution, Inc.

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Balance Due NASD Dispute Resolution, Inc.

= \$600.00

All balances are due to NASD Dispute Resolution, Inc.

Dated:

/s/ Henry L. Dahl, Jr.

Henry L. Dahl, Jr.

Public Arbitrator, Presiding Chair

March 1, 2001

/s/ Ronald E. Hibbing

Ronald Edward Hibbing, Esq.

Public Arbitrator

February 27, 2001

/s/ James Sullivan

James Sullivan

Industry Arbitrator

February 26, 2001



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NASD REGULATION

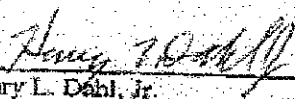
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NASD Dispute Resolution, Inc.  
Arbitration No. 00-00789  
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Balance Due NASD Dispute Resolution, Inc.

= \$600.00

All balances are due to NASD Dispute Resolution, Inc.

  
Henry L. Dahl, Jr.  
Public Arbitrator, Presiding Chair

Dated:

March 1, 2001

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Ronald Edward Hibbing, Esq.  
Public Arbitrator

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James Sullivan  
Industry Arbitrator

NASD Dispute Resolution, Inc.  
Arbitration No. 00-00789  
Award Page 5 of 5

Balance Due NASD Dispute Resolution, Inc.

= \$600.00

All balances are due to NASD Dispute Resolution, Inc.

Dated:

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Henry L. Dahl, Jr.  
Public Arbitrator, Presiding Chair

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*Ronald E. Hibbing*  
Ronald Edward Hibbing, Esq.  
Public Arbitrator

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*February 27, 2001*

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James Sullivan  
Industry Arbitrator

NASD Dispute Resolution, Inc.  
Arbitration No. 00-00789  
Award Page 5 of 5

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Balance Due NASD Dispute Resolution, Inc.

= \$600.00

All balances are due to NASD Dispute Resolution, Inc.

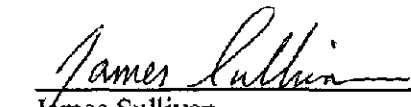
Dated:

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Henry L. Dahl, Jr.  
Public Arbitrator, Presiding Chair

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Ronald Edward Hibbing, Esq.  
Public Arbitrator

  
James Sullivan  
Industry Arbitrator

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2/26/01