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

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In the Matter of the Arbitration Between:

**Louis Smith and Paul Zavell,**  
Claimants

Vs.

**Preston Langley Asset Management, Inc.,**  
**Christian W. Blake, and**  
**Gregg Adams,**  
Respondents.

Case Number: 00-03499

Hearing Site: Cleveland, Ohio

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**REPRESENTATION OF PARTIES**

Roger W. Van Deusen, Esquire, of Chattman, Gaines & Stern, Cleveland, Ohio, represented Claimants Louis Smith ("Smith") and Paul Zavell ("Zavell"), hereinafter referred to as "Claimants".

David Sayid, Esquire, of Sayid & Associates, New York, New York, represented Respondent Christian W. Blake ("Blake") at the July 18, 2001, hearing. Blake did not appear, nor was he represented, at the October 8, 2001, hearing.

Respondents Preston Langley Asset Management, Inc. ("Preston Langley"), and Gregg Adams ("Adams") were not represented by counsel and did not appear at the hearing.

**CASE INFORMATION**

The Statement of Claim was filed on or about August 14, 2000.  
Smith signed the Uniform Submission Agreement on August 8, 2000.  
Zavell signed the Uniform Submission Agreement on August 7, 2000.

Blake's Statement of Answer was filed on or about February 13, 2001.  
Blake did not file a Uniform Submission Agreement.

Preston Langley and Adams filed their joint Statement of Answer on or about February 22, 2001.

Neither Preston Langley nor Gregg Adams filed a Uniform Submission Agreement.

### **CASE SUMMARY**

Claimants asserted the following against the Respondents: breach of contract, fraud and failure to supervise. These allegations related to transactions involving common stock in the following corporation: American Networks International, Inc. ("ANIW").

Unless specifically admitted in his Statement of Answer, Blake denied all allegations set forth in the Statement of Claim and asserted the following affirmative defenses: ratification, failure to state a cause of action upon which relief may be granted, assumption of the risk, waiver, estoppel, contributory and/or comparative negligence, failure to mitigate and unclean hands.

Unless specifically admitted in their joint Statement of Answer, Preston Langley and Adams denied all allegations set forth in the Statement of Claim and asserted the following affirmative defenses: failure to state a cause of action upon which relief may be granted, ratification, estoppel, failure to mitigate, waiver, affirmation/acquiescence and failure to comply with applicable statute(s) of limitation.

### **RELIEF REQUESTED**

Claimants requested the following relief:

Compensatory Damages	\$296,334.50
Punitive Damages	unspecified
Other Costs	unspecified

Claimants also requested interest and attorneys' fees.

Blake requested that the Statement of Claim be dismissed in its entirety, and that he be awarded costs and attorneys' fees.

Preston Langley requested that the Statement of Claim be dismissed and that it be awarded costs and other fees.

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

On or about October 15, 2001, Blake filed a Motion to Reopen the Hearing. On or about

October 26, 2001, Claimants filed a Response to the Motion. On or about November 1, 2001, the undersigned Panel denied the Motion.

Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams did not file with NASD Dispute Resolution, Inc., properly executed submissions to arbitration but is required to submit to arbitration pursuant to the Code and, having each answered the Statement of Claim, are bound by the determination of the Panel on all issues submitted.

Respondents Preston Langley Asset Management, Inc., and Gregg Adams were not present or represented at either of the hearing dates, and Respondent Christian W. Blake was not present or represented at the second hearing date. However, the Panel finds that Respondents received service of the Statement of Claim, filed a Statement of Answer and received proper notice of the hearings. Therefore, Respondents are bound by the determination of the Panel on all claims submitted in the Statement of Claim.

#### **AWARD**

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

1. Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams were negligent, jointly and severally, and each acted with reckless disregard to their duties to their customers, Claimants Louis Smith and Paul Zavell, proximately causing them damage.
2. The actions of Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams, jointly and severally, constituted fraud with respect to their customers, Claimants Louis Smith and Paul Zavell, which proximately caused them damage.
3. Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams are jointly and severally liable for, and shall pay to Claimant Louis Smith, solely, the sum of \$91,575.30 (Ninety-one Thousand Five Hundred Seventy-five Dollars and Thirty Cents) in compensatory damages.
4. Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams are jointly and severally liable for, and shall pay to Claimant Louis Smith, solely, interest on the amount awarded in

paragraph 3 above at the rate of 10% (Ten Percent) per annum, accruing from October 31, 1999, until the date of payment of the award.

5. Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams are jointly and severally liable for, and shall pay to Claimants Louis Smith and Paul Zavell, jointly, the sum of \$204,759.20 (Two Hundred Four Thousand Seven Hundred Fifty-nine Dollars and Twenty Cents) in compensatory damages.

6. Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams are jointly and severally liable for, and shall pay to Claimants Louis Smith and Paul Zavell, jointly, interest on the amount awarded in paragraph 5 above at the rate of 10% (Ten Percent) per annum, accruing from October 31, 1999, until the date of payment of the award.

7. Respondent Preston Langley Asset Management, Inc. is solely liable for, and shall pay to Claimants Louis Smith and Paul Zavell, jointly, the sum of \$300.00 (Three Hundred Dollars and No Cents) as reimbursement of the non-refundable filing fee paid to NASD Dispute Resolution, Inc., by Claimants.

8. Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams are jointly and severally liable for, and shall pay to Claimants Louis Smith and Paul Zavell, jointly, the sum of \$600,000.00 (Six Hundred Thousand Dollars and No Cents) in punitive damages. After reviewing and considering the pleadings, and the arguments and evidence presented at the hearing, the Panel has found that it has the legal authority to render this award of punitive damages.

9. Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams are jointly and severally liable for, and shall pay to Claimants Louis Smith and Paul Zavell, jointly, the sum of \$10,000.00 (Ten Thousand Dollars and No Cents) in attorneys' fees. After reviewing and considering the pleadings, and the arguments and evidence presented at the hearing, the Panel has found that it has the legal authority to render this award of attorneys' fees, in accordance with the Panel's findings in paragraphs 1 and 2 above.

10. Except as otherwise specified herein, each party shall bear its own costs and expenses.

11. Any and all relief not specifically addressed herein is 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

#### 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 a party.

Member Surcharge = \$1,500.00

Pre-hearing Process Fee = \$ 600.00

Hearing Process Fee = \$2,500.00

#### Adjournment Fees

Respondent Christian W. Blake - January 19-20, 2001, hearing dates:

Adjournment Fee = \$1,125.00

#### Forum Fees and Assessments

The Panel has the authority to assess 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 Panel that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,125 = \$1,125.00

Pre-hearing conference: February 13, 2001 1 session

Two (2) Pre-hearing sessions with single arbitrator x \$450 = \$ 900.00

Pre-hearing conferences: May 29, 2001 1 session

July 3, 2001 1 session

Two (2) Hearing sessions x \$1,125 = \$2,250.00

Hearing Date: September 21, 2001 1 session

Total Forum Fees = \$4,275.00

The Panel has assessed the forum fees as follows:

\$450.00 solely to Respondent Preston Langley Asset Management, Inc., for the conference held on May 29, 2001.

\$1,125.00 solely to Respondent Christian W. Blake for the hearing session held on July 18, 2001.

\$2,700.00 jointly and severally to Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams for the remaining forum fees.

### FEE SUMMARY

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

<u>Initial Filing Fee</u>	= \$ 300.00
<u>Total Fees</u>	= \$ 300.00
<u>Less payments</u>	= \$1,425.00
<u>Refund Due from NASD Dispute Resolution, Inc.</u>	= \$1,125.00

2. Respondent Preston Langley Asset Management, Inc., be and hereby is solely liable for:

<u>Member Fees</u>	= \$4,600.00
<u>Forum Fees</u>	= \$ 450.00
<u>Total Fees</u>	= \$5,050.00
<u>Less payments</u>	= \$ 620.00
<u>Balance Due NASD Dispute Resolution, Inc.</u>	= \$4,430.00

3. Respondent Christian W. Blake be and hereby is solely liable for:

<u>Adjournment Fees</u>	= \$1,125.00
<u>Forum Fees</u>	= \$1,125.00
<u>Total Fees</u>	= \$2,250.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution, Inc.</u>	= \$2,250.00

4. Respondents Preston Langley Asset Management, Inc., Christian W. Blake and Gregg Adams be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$2,700.00
<u>Total Fees</u>	= \$2,700.00

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<u>Less payments</u>	= \$ 0.00
<b>Balance Due NASD Dispute Resolution, Inc.</b>	<b>= \$2,700.00</b>

All balances are due to NASD Dispute Resolution, Inc.

**ARBITRATION PANEL**

<i>Gregory P. Szuter, Esq.</i>	-	<i>Public, Presiding Chair</i>
<i>Jason C. Blackford, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Robert P. Fogarty</i>	-	<i>Non-Public Arbitrator</i>

**Concurring Arbitrators' Signatures**

  
*Gregory P. Szuter, Esq.*  
Public Arbitrator, Presiding Chair

Nov 26, 2009  
Signature Date

Jason C. Blackford, Esq.  
Public Arbitrator

Signature Date *Jason C. Blackford*  
Public Arbitrator

Robert P. Fogarty  
Non-Public Arbitrator

Signature Date *Robert P. Fogarty*  
Non-Public Arbitrator

Date of Service (For NASD-Dispute Resolution office use only)

11/16/01 MON 09:23 FAX

NASD REGULATION

009

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Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$2,700.00

All balances are due to NASD Dispute Resolution, Inc.

**ARBITRATION PANEL**

Gregory P. Szuter, Esq.

Jason C. Blackford, Esq.

Robert P. Fogarty

Public, Presiding Chair

Public Arbitrator

Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
 Gregory P. Szuter, Esq.  
 Public Arbitrator, Presiding Chair

Signature Date

\_\_\_\_\_  
 Jason C. Blackford, Esq.  
 Public Arbitrator

11/26/01  
 Signature Date

\_\_\_\_\_  
 Robert P. Fogarty  
 Non-Public Arbitrator

Signature Date

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<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$2,700.00

All balances are due to NASD Dispute Resolution, Inc.

**ARBITRATION PANEL**

*Gregory P. Szuter, Esq.*

*Public, Presiding Chair*

*Jason C. Blackford, Esq.*

*Public Arbitrator*

*Robert P. Fogarty*

*Non-Public Arbitrator*

**Concurring Arbitrators' Signatures**

*Gregory P. Szuter, Esq.*

Signature Date

Public Arbitrator, Presiding Chair

*Jason C. Blackford, Esq.*

Signature Date

Public Arbitrator

*Robert P. Fogarty*

11-27-01

*Robert P. Fogarty*

Signature Date

Non-Public Arbitrator

Date of Service (For NASD-Dispute Resolution office use only)