

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Richard J. Starr, (Claimant) vs. Grady and Hatch & Co., Inc. and Karl Jesaitis, (Respondents)

Case Number: 00-03959

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, Richard J. Starr, hereinafter referred to as "Claimant": Thomas W. Williams, Esq., a sole practitioner, Mahwah, NJ.

Respondent, Grady and Hatch & Co., Inc. ("G&H"), did not appear at the hearing in this matter. Previously represented by: Marc J. Ross, Esq., Sichenzia Ross Friedman Ference LLP, New York, NY and Howard S. Meyers, Esq., Meyers & Heim LLP, New York, NY, respectively.

Respondent, Karl Jesaitis ("Jesaitis"), did not appear at the hearing in this matter. Previously represented by: Joseph R. Corozza, Esq., Rubinstein & Corozza, LLP, New York, NY and Howard S. Meyers, Esq., Meyers & Heim LLP, New York, NY, respectively.

CASE INFORMATION

Statement of Claim filed on or about: September 5, 2000.

Claimant signed the Uniform Submission Agreement: February 15, 2000.

Joint Statement of Answer filed by Grady and Jesaitis on or about: January 17, 2001.

Grady signed the Uniform Submission Agreement: January 12, 2001.

Jesaitis signed the Uniform Submission Agreement: January 16, 2001.

CASE SUMMARY

Claimant asserted the following causes of action: unauthorized trades; gross mismanagement of account; violation of fiduciary duty; fraud; negligence; unsuitability; and respondent superior. Claimant's claim involved the stocks of NHAN, Premier Enterprises, Inc., and Alpha Tread Com.

Unless specifically admitted in their Answer, Grady and Jesaitis denied the allegations made in the Statement of Claim and asserted the following defenses: the Statement of Claim fails to state a claim upon which relief may be granted; all purchases and sales of securities for Claimant's account were made only after Claimant - knowingly and fully aware of the risks of the transactions - authorized the transactions at issue; Respondents acted in good faith in their dealings with Claimant; any losses suffered by Claimant resulted solely from the vagaries and volatility of the stock market; Claimant initiated, accepted, and ratified the purchases of securities for his account and is now estopped from maintaining the claims through the affirmative defenses of laches, ratification, waiver, and consent; Respondents acted within all applicable laws, rules, and regulations; Claimant failed to mitigate his damages; any damages sustained by Claimant resulted, in whole or in part, from Claimant's own culpable conduct, and not as a result of any negligent or otherwise culpable conduct of Grady and Jesaitis; and Claimant does not have the right to seek attorneys' fees and/or punitive damages as a matter of law.

RELIEF REQUESTED

Claimant requested:

- a. Compensatory damages in the amount of \$50,000.00, representing a return of Claimant's portfolio calculated in accordance with the well-managed account theory, namely, what accounts Claimant would have if managed properly;
- b. Punitive damages in the amount of \$10,000.00;
- c. Attorneys' fees and other costs necessary to bring this action; and
- d. Such other relief as the Panel deems just and proper.

Grady and Jesaitis requested that the Statement of Claim be dismissed in its entirety, and that they be awarded costs and expenses, including attorneys' fees, expert witness fees, and forum fees, incurred in defending this arbitration.

OTHER ISSUES CONSIDERED AND DECIDED

On or about February 8, 2002, Respondent Jesaitis filed for bankruptcy protection under Chapter 7 of the US Bankruptcy Code. Accordingly, all claims against Jesaitis were stayed.

Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Grady 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 Grady present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

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. Grady is liable for and shall pay to Claimant the sum of \$15,000.00 as compensatory damages.
2. Claimant's request for punitive damages is hereby denied.
3. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 225.00
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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 person at the time of the events giving rise to the dispute. In this matter, Grady & Hatch & Co., Inc. is a party.

Member surcharge	= \$1,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,500.00

Adjournment Fees

Adjournments requested during these proceedings:

Apr. 23, 2002, adjournment by Claimant	= \$ 750.00
Oct. 21, 2002, adjournment by Claimant	= \$1,500.00

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:

Two (2) Pre-hearing sessions with Panel x \$750.00 = \$1,500.00

Pre-hearing conferences: August 23, 2001 1 session
February 28, 2002 1 session

Two (2) Hearing sessions x \$750.00 = \$1,500.00

Hearing Date: December 5, 2002 2 sessions

Total Forum Fees = \$3,000.00

1. The Panel has assessed all of the forum fees against Grady.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 225.00
<u>Adjournment Fees</u>	= \$2,250.00
<u>Total Fees</u>	= \$2,475.00
<u>Less payments</u>	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$1,500.00

2. Grady is solely liable for:

Member Fees	= \$3,100.00
<u>Forum Fees</u>	= \$3,000.00
<u>Total Fees</u>	= \$6,100.00
<u>Less payments</u>	= \$1,600.00
Balance Due NASD Dispute Resolution	= \$4,500.00

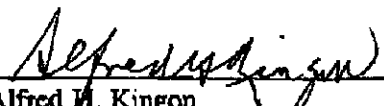
All balances are payable to NASD Dispute Resolution, and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Alfred H. Kingon	-	Public Arbitrator, Presiding Chair
Carolyn A. Mann	-	Public Arbitrator
Theodore Brown	-	Non-Public 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.



Alfred H. Kingon
Public Arbitrator, Presiding Chair

12/18/0 ✓

Signature Date

Carolyn A. Mann
Public Arbitrator

Signature Date

Theodore Brown
Non-Public Arbitrator

Signature Date

January 14, 2003
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

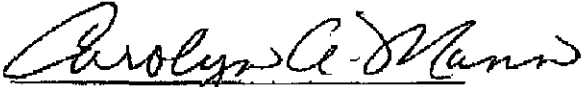
Alfred H. Kingon	-	Public Arbitrator, Presiding Chair
Carolyn A. Mann	-	Public Arbitrator
Theodore Brown	-	Non-Public Arbitrator

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.

Alfred H. Kingon
Public Arbitrator, Presiding Chair

Signature Date



Carolyn A. Mann
Public Arbitrator

12/21/02
Signature Date

Theodore Brown
Non-Public Arbitrator

Signature Date

January 14, 2003
Date of Service (For NASD Dispute Resolution use only)

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ARBITRATION PANEL

Alfred H. Kington
Carolyn A. Mann
Theodore Brown

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Confirming 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.

Alfred H. Kington
Public Arbitrator, Presiding Chair

Signature Date

Carolyn A. Mann
Public Arbitrator

Signature Date


Theodore Brown
Non-Public Arbitrator

12/19/02
Signature Date

January 14, 2003
Date of Service (For NASD Dispute Resolution use only)