

ORIGINAL

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Ted Kaly and Mary Jo Kaly, Claimants v. Emmett A. Larkin Company, Inc., Royal Hutton Securities Corp., John T. Ciofalo, Ruis Reis Figueiredo, Paul S. Medaglia, John T. Pisapia, Respondents

Case Number: 00-04128

Hearing Site: Salt Lake City, Utah

REPRESENTATION OF PARTIES

For Claimants:

Randall R. Heiner, Esq.
Salt Lake City, Utah

For Respondent Emmett A. Larkin Company, Inc:

David W. Brown, Esq. For Respondent
West Valley City, Utah

For Respondent Royal Hutton Securities Corp.

Royal Hutton Securities Corp.
Pro se

For Respondent John T. Ciofalo,

John T. Ciofalo, Pro se for Respondent

For Respondent Ruis Reis Figueiredo,

Ruis Reis Figueiredo, Pro se

For Respondent Paul S. Medaglia,

Paul S. Medaglia, Pro se

For Respondent John T. Pisapia,

Lawrence R. Gelber, Esq.
Brooklyn, New York

CASE INFORMATION

Statement of Claim filed: September 19, 2000

First Amended Statement of Claim filed: April 12, 2001

Claimants' Uniform Submission Agreement signed: August 24, 2000

Statement of Answer, Motion to Dismiss, and Request for Expungement filed by Respondent John T. Pisapia: October 13, 2000

Respondent John T. Pisapia's Uniform Submission Agreement signed: none filed

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Joint Statement of Answer filed by Respondents Royal Hutton Securities Corp., Ruis Reis Figueiredo, Paul S. Medaglia: November 10, 2000

Respondents' Royal Hutton Securities Corp., Ruis Reis Figueiredo, Paul S. Medaglia Uniform Submission Agreement signed: none filed

Statement of Answer and Motion to Dismiss filed by Respondent Emmett A. Larkin Company, Inc.: June 13, 2001

Respondent Emmett A. Larkin Company, Inc.'s, Uniform Submission Agreement signed: June 13, 2001

No Statement of Answer filed by Respondent John T. Ciofalo

No Uniform Submission Agreement signed by Respondent John T. Ciofalo

CASE SUMMARY

Claimants alleged the following claims with respect to transactions in various securities: violation of Section 10b of the Securities Exchange Act of 1934, liability under Section 20 of the Securities Exchange Act of 1934, violation of the Utah Securities Act Section 61-1-22(1)(a), misrepresentation, omissions, suitability, churning, liability under the Utah Uniform Securities Act Section 61-1-22(4)(a), violation of Utah Uniform Securities Act Section 61-1-22(2), breach of fiduciary duty, breach of contract, negligence, negligent supervision, and respondent's superior liability.

Respondent John T. Pisapia denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

Respondents Royal Hutton Securities Corp., Ruis Reis Figueiredo, Paul S. Medaglia denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

Respondent Emmett A. Larkin Company, Inc. denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

RELIEF REQUESTED

Claimants requested treble the amount of compensatory damages in excess of \$226,220.00, in the approximate amount of \$678,660.00, prejudgment interest of 12% per annum pursuant to Section 61-1-22(1)(a) of the Utah Securities Act, attorney fees of 40% of the total award (based upon the attorney client contingency fee agreement) pursuant to section 61-1-22(1)(a) of the Utah Securities Act, post judgment interest at 12% per annum until the award is paid, punitive

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damages as an alternative to treble damages, costs, expenses and disbursements, and reimbursement of filing fees and forum fees.

Respondent John T. Pisapia requested dismissal of the Claimants' Statement of Claim in its entirety, expungement of his CRD record, costs and expenses, and reasonable attorneys' fees.

Respondents Royal Hutton Securities Corp., Ruis Reis Figueiredo, Paul S. Medaglia requested dismissal of the Claimants' Statement of Claim in its entirety.

Respondent Emmett A. Larkin Company, Inc. requested dismissal of the Claimants' Statement of Claim in its entirety and reimbursement for the NASD surcharge.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated December 7, 2001, Claimant withdrew with prejudice all claims asserted against Respondent John T. Pisapia rendering his Motion to Dismiss moot.

After hearing oral arguments on January 28, 2002 in connection with Respondent Emmett A. Larkin Company, Inc.'s Motion to Dismiss, the panel denied the Motion.

Upon review of the file and the representations made on behalf of the Claimants, the undersigned Panel determined that Respondents Royal Hutton Securities Corp., Paul S. Medaglia, Ruis Reis Figueiredo, and John T. Ciofalo, were 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 Royal Hutton Securities Corp., Paul S. Medaglia, and Ruis Reis Figueiredo, did not file with the NASD Dispute Resolution, Inc. properly executed submission agreements 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.

Respondent John T. Ciofalo, did not file with the NASD Dispute Resolution, Inc. a properly executed submission agreement but is required to submit to arbitration pursuant to the Code and is bound by the determination of the Panel on all issues submitted.

The parties at the hearing agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

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AWARD

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

- 1) Royal Hutton Securities Corp., Paul S. Medaglia, Ruis Reis Figueiredo, and John T. Ciofalo are jointly and severally liable to and shall pay Claimants:
 - A) The sum of \$690,390.39 in treble damages pursuant to Utah Code Section 61-1-22(2) based on compensatory damage award of \$230,130.13;
 - B) Interest on the above amount at the rate of 12% per annum from March 22, 2000 until paid;
 - C) The sum of \$276,156.15 for attorneys' fees representing 40% of \$690,390.39 pursuant to Utah Code Section 61-1-22(2);
- 2) Emmett A. Larkin Company, Inc. is liable to and shall pay Claimants \$150,000.00 in damages.
- 3) Claimants' claim for punitive damages is denied.
- 4) Except as noted above, each party shall bear its own costs, including attorney's fees.
- 5) All other relief not expressly granted is denied.

The award against all respondents except Emmett A. Larkin Company, Inc. was unanimous. Arbitrator Richard J. Lawrence, Esq. dissented from the award against Emmett A. Larkin Company, Inc. Mr. Lawrence believes the panel should have determined whether Emmett A. Larkin Company, Inc. materially aided in the sales and if so whether they met their burden for an affirmative defense.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee

= \$ 375.00

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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events which gave rise to the dispute, claim, or controversy. Accordingly, the member firms Emmett A. Larkin Company, Inc. and Royal Hutton Securities Corp. are parties and the following fees are assessed to each:

Member Surcharge	= \$ 2,000.00
Pre-Hearing Process Fee	= \$ 600.00
Hearing Process Fee	= \$ 3,500.00
Total Member Fees	= \$ 6,100.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair or Panel. The following fees are assessed:

(1) Pre-hearing conference session with a single arbitrator @ \$ 450.00/session	= \$ 450.00
Pre-hearing conference: April 5, 2002 1 session	
(3) Pre-hearing conference sessions with the Panel @ \$1,200.00/session	= \$ 3,600.00
Pre-hearing conferences: April 12, 2001 1 session	
September 28, 2001 1 session	
January 28, 2002 1 session	
(4) Hearing sessions @ \$1,200.00/session	= \$ 4,800.00
Hearings: April 23, 2002 2 sessions	
April 24, 2002 2 sessions	
Total Forum Fees	= \$ 8,850.00

1. The Panel assessed \$ 4,425.00 of the forum fees jointly and severally to Claimant Ted Kaly and Mary Jo Kaly.
2. The Panel assessed \$ 4,425.00 of the forum fees to Respondent Emmett A. Larkin Company, Inc.

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Fee Summary

1. Claimants Ted Kaly and Mary Jo Kaly are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 4,425.00
Total Fees	= \$ 4,800.00
Less Payments	= \$(1,575.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 3,225.00

2. Respondent Emmett A. Larkin Company, Inc. is charged with the following fees and costs:

Member Fees	= \$ 6,100.00
Forum Fees	= \$ 4,425.00
Total Fees	= \$ 10,525.00
Less Payments	= \$(5,500.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 5,025.00

3. Respondent Royal Human Securities Corp. is charged with the following fees and costs:

Member Fees	= \$ 6,100.00
Less Payments	= \$(2,000.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 4,100.00

All balances are payable to NASD Dispute Resolution, Inc. and are to be paid immediately upon the receipt of the award by the parties pursuant to Rule 10330(g) of the Code.

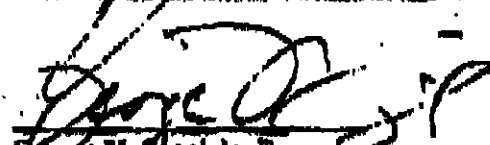
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ARBITRATION PANEL

Richard J. Lawrence, Esq.
George H. Speciale, Esq.
Elwood A. Crandall

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures


George H. Speciale, Esq.
Public Arbitrator

June 13, 2002
Signature Date

Elwood A. Crandall
Non-Public Arbitrator

Signature Date

Elwood A. Crandall
Non-Public Arbitrator

Signature of Arbitrator Concurring in Part and Dissenting in Part

Richard J. Lawrence, Esq.
Chair, Public Arbitration

Signature Date

6/14/02
Date of Service

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ARBITRATION PANEL

<i>Richard J. Lawrence, Esq.</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>George H. Speciale, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Elwood A. Crandall</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

George H. Speciale, Esq.
 Public Arbitrator

Signature Date

E. A. Crandall
 Elwood A. Crandall
 Non-Public Arbitrator

June 18, 2002
 Signature Date

Signature of Arbitrator Concurring in Part and Dissenting in Part

Richard J. Lawrence, Esq.
 Chair, Public Arbitrator

Signature Date

Date of Service

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ARBITRATION PANEL

<i>Richard J. Lawrence, Esq.</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>George H. Speciale, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Elwood A. Crandall</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

George H. Speciale, Esq.
Public Arbitrator

Signature Date

Elwood A. Crandall
Non-Public Arbitrator

Signature Date Elwood A. Crandall
Non-Public Arbitrator

Signature of Arbitrator Concurring in Part and Dissenting in Part


Richard J. Lawrence, Esq.
Chair, Public Arbitrator

June 14, 2002
Signature Date

6/14/02
Date of Service