

**Award**  
**NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimant

Raike Financial Group, Inc.

Case Number: 00-04147

Name of the Respondents

George Neff  
George Riccio

Hearing Site: Philadelphia, PA

**REPRESENTATION OF PARTIES**

Claimant, Raike Financial Group, Inc. ("Raike"), hereinafter referred to as "Claimant", was represented by Ruthann G. Niosi, Esq., Law Offices of Ruthann G. Niosi, Esq., PC, New York, New York.

Respondent, George Neff ("Neff"), hereinafter referred to as "Respondent Neff", was represented by Richard DeVita, Esq., DeVita & Associates, Hoboken, New Jersey.

Third-Party Respondent George Riccio ("Riccio"), hereinafter referred to as "Respondent Riccio", appeared *pro se*.

**CASE INFORMATION**

Statement of Claim against Respondent Neff and Motion for Summary Judgment filed on: September 19, 2000.

A representative of Claimant signed the Uniform Submission Agreement on: October 23, 2000.

Statement of Answer and "Cross/Counterclaim" filed by Respondent Neff on: January 22, 2001.

Respondent Neff signed the Uniform Submission Agreement on: January 30, 2001.

Statement of Answer filed by Third-Party Respondent Riccio on: March 27, 2001.

Claimant filed its Response to Respondent Neff's Counterclaim on: March 18, 2001.

Claimant filed a Statement of Claim against Respondent Riccio on: November 7, 2001.

Claimant filed a Request to File a Statement of Claim Against Respondent Riccio on: November 25, 2001.

Respondent Neff filed a Response to Claimant's Request to File a Statement of Claim Against Respondent Riccio on: January 25, 2002.

Respondent Riccio filed a Response to Claimant's Statement of Claim on: January 29, 2002.

**CASE SUMMARY**

Claimant asserted the following causes of action against Respondent Neff: breach of contract and bad faith. The causes of action relate to a margin debit that Respondent allegedly failed to pay.

Unless specifically admitted in his Answer, Respondent Neff denied the allegations made in the Statement of Claim, and asserted the following defenses: Claimant is precluded from recovery based on the doctrines of laches and unclean hands. Respondent Neff also asserted causes of action against Respondent Riccio and Claimant. In his pleadings, Respondent Neff indicates that he is bringing a Cross-Claim against Respondent Riccio and a Counterclaim against Claimant; the Arbitration Panel (the "Panel") finds that the entitled "Cross-Claim is a Third-Party Claim. In his Third-Party Claim/Counterclaim, Respondent Neff asserted the following causes of action, among others: unsuitable trading; breach of fiduciary duty; negligence; misrepresentations; and, fraud. These causes of action relate to the purchase and sale of various securities, including Aztec and Cornerstone securities.

Unless specifically admitted in his Answer, Respondent Riccio denied the allegations made in the Third-Party Claim in their entirety.

Claimant denied the allegations in the Counterclaim, asserting that the claims were retaliatory in nature and were made in an attempt to coerce Claimant into withdrawing its original claim.

In a Supplement to the Statement of Claim, Claimant asserted a claim for indemnification against Respondent Riccio.

Respondent Neff did not object to Claimant filing a claim against Respondent Riccio.

#### **RELIEF REQUESTED**

Claimant requested in the Statement of Claim against Respondent Neff:

Compensatory Damages	\$ 17,595.09
Interest	amount unspecified, at the rate of 9% since April 24, 2000.
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondent Neff requested:

Compensatory Damages	\$ 50,000.00
Interest	amount unspecified
Other Costs	amount unspecified

Respondent Riccio requested that the causes of action against him be denied in their entirety.

Claimant, in its Statement of Claim against Respondent Riccio requested that Respondent Riccio pay to Claimant compensatory damages in the amount to be awarded to Respondent Neff, including attorneys fees, less any amounts recovered by Claimant from Respondent Neff, plus post-interest judgment in accordance with Rule 10330(h) of the Code of Arbitration Procedure (the "Code").

**OTHER ISSUES CONSIDERED AND DECIDED**

Respondent Riccio did not file with NASD Dispute Resolution, a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

The Panel granted Claimant's Request to Supplement its claim to add an indemnification claim against Respondent Riccio.

The parties 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. That Claimant's claim against Respondent Neff is denied in its entirety;
2. That Respondent Neff's claim against Claimant is denied in its entirety;
3. That Respondent Neff's claim against Respondent Riccio is denied in its entirety;
4. That Claimant's claim against Respondent Riccio is denied in its entirety;
5. That the parties shall bear their respective costs, including fees, except as Fees are specifically addressed below; and,
6. That any and all claims for relief not specifically addressed herein are denied in their entirety.

**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	= \$ 750
Third-Party Claim/Counterclaim filing fee	= \$ 175

**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. Accordingly, Claimant is a party.

Member surcharge = \$ 400

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

April 3 – 4, 2002, adjournment by Claimant = \$ 750  
October 8 – 9, 2002, adjournment by Claimant = fee waived

**Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. A 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:

Eight (8) Hearing sessions @ \$ 750 = \$ 6,000

Hearing Dates:	June 7, 2002	2 sessions
	April 9, 2003	2 sessions
	April 10, 2003	2 sessions
	April 11, 2003	2 sessions

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Total Forum Fees = \$ 6,000

1. The Panel has assessed \$ 2,000 of the forum fees to Claimant.
2. The Panel has assessed \$ 2,000 of the forum fees to Respondent Neff.
3. The Panel has assessed \$ 2,000 of the forum fees to Respondent Riccio.

**Administrative Costs**

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

1. Claimant requested tape duplication = \$ 45
2. Respondent Neff requested tape duplication = \$ 165

**Fee Summary**

1. Claimant, Raike, is assessed and shall pay:

Initial Filing Fee	= \$ 750
Member Fees	= \$ 400
Adjournment Fee	= \$ 750
Forum Fees	= \$ 2,000
Administrative Costs	= \$ 45
Total Fees	= \$ 3,945

Less payments	= \$ 3,050
Balance Due NASD Dispute Resolution	= \$ 895

2. Respondent, Neff, is assessed and shall pay:

Filing Fee	= \$ 175
Forum Fees	= \$ 2,000
Administrative Costs	= \$ 165
Total Fees	= \$ 2,340
Less payments	= \$ 775
Balance Due NASD Dispute Resolution	= \$ 1,565

3. Respondent, Riccio, is assessed and shall pay:

Forum Fees	= \$ 2,000
Total Fees	= \$ 2,000
Less Payments	= \$ 00
Balance Due NASD Dispute Resolution	= \$ 2,000

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

**ARBITRATION PANEL**

James A. Jennings, Esq.	-	Public Arbitrator, Presiding Chairperson
John J. Coffey, Esq.	-	Public Arbitrator, Panelist
W. Thomas Gehrt	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

James A. Jennings  
James A. Jennings, Esq.  
Public Arbitrator, Presiding Chairperson

May 15, 2003  
Signature Date

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John J. Coffey, Esq.  
Public Arbitrator, Panelist

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

\_\_\_\_\_  
W. Thomas Gehrt  
Non-Public Arbitrator, Panelist

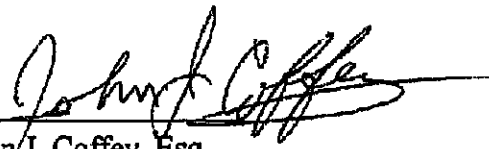
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Signature Date

May 22, 2003  
Date of Service (For NASD Dispute Resolution office use only)

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
James A. Jennings, Esq.  
Public Arbitrator, Presiding Chairperson

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

  
\_\_\_\_\_  
John J. Coffey, Esq.  
Public Arbitrator, Panelist

5-21-03  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
W. Thomas Gehrt  
Non-Public Arbitrator, Panelist

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

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James A. Jennings, Esq.  
Public Arbitrator, Presiding Chairperson

Signature Date

John J. Coffey, Esq.  
Public Arbitrator, Panelist

Signature Date

  
W. Thomas Gehrt  
Non-Public Arbitrator, Panelist

5-15-2003  
Signature Date

May 22, 2003  
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