

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

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In the Matter of the Arbitration Between:

Said Khatib and Elizabeth Puccio Khatib, Claimants v. Northridge Capital Corporation,  
Frederick J. Hentschel, III, Ryan M. Jeffreys, Michael S. Weiner, Joseph Arbia, III,  
Maria C. Maglione, David J. Morochnick, and Vincent Capetta, Respondents

Case Number: 00-04196

Hearing Site: Los Angeles, California

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Nature of the Dispute: Customers v. Member and Associated Persons

**REPRESENTATION OF PARTIES**

For Claimants:	David Liebrader, Esq. Law Offices of David Liebrader Las Vegas, Nevada
For Respondent Northridge Capital Corporation:	No appearance
For Respondent Frederick J. Hentschel, III:	No appearance
For Respondent Ryan M. Jeffreys:	Richard L. Fahrney, II., Esq. Fingal, Fahrney & Clark, LLP Irvine, California
For Respondent Michael S. Weiner:	No appearance
For Respondent Joseph Arbia, III:	Joseph Arbia, III In Propria Persona Huntington, New York
For Respondents Maria C. Maglione and David J. Morochnick:	Robert J. Hausen, Esq. Attorney at Law New York, New York
For Respondent Vincent Capetta:	No appearance

**CASE INFORMATION**

Statement of Claim filed: September 28, 2000

First Amended Statement of Claim filed: January 22, 2001

Second Amended Statement of Claim filed: February 28, 2001

Claimants' Joint Uniform Submission Agreements signed: undated and March 17, 2001

Respondent Ryan M. Jeffreys' Statement of Answer to Statement of Claim filed:  
November 22, 2000

Respondent Joseph Arbia, III's Statement of Answer and Motion to Dismiss Amended  
Statements of Claim filed: April 6, 2001

Respondent Ryan M. Jeffreys' Uniform Submission Agreement signed:  
November 22, 2000

Respondent Joseph Arbia, III's Uniform Submission Agreement signed: May 8, 2001

### **CASE SUMMARY**

Claimants alleged breach of fiduciary duty, fraud, misrepresentation, negligence, and churning, involving various securities including En Pointe Technologies.

Claimants' First and Second Amended Statement of Claim named additional Respondents.

Respondent Ryan M. Jeffreys denied the allegations of wrongdoing set forth in Claimants' Statement of Claim.

Respondent Joseph Arbia, III denied the allegations of wrongdoing set forth in Claimants' Amended Statements of Claim.

### **RELIEF REQUESTED**

Claimants requested rescission or, in the alternative, \$48,000.00 in compensatory damages, unspecified punitive damages, pre- and post-award interest, and costs, including attorney's fees and expert witness fees.

Respondent Ryan M. Jeffreys requested dismissal of Claimants' Statement of Claim as against him.

Respondent Joseph Arbia, III requested dismissal of Claimants' Statement of Claim as against him.

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

Respondents Northridge Capital Corporation, Frederick J. Hentschel, III, Michael S. Weiner, Maria C. Maglione, David J. Morochnick, and Vincent Capetta did not file with NASD Dispute Resolution properly executed submission agreements; however, all said Respondents are required to submit to arbitration and are bound by the determination of the Panel on all issues submitted.

In the First Amended Statement filed on January 22, 2001, Claimants named John Michael Riso and Kevin Charles Held as Respondents. Claimants did not file a proof of service regarding Respondents John Michael Riso and Kevin Charles Held. Claimants then dismissed John Michael Riso and Kevin Charles Held from this matter on February 22, 2001.

Respondent Joseph Arbia, III filed a Motion to Dismiss with his Answer on April 6, 2001. Respondent Ryan M. Jeffreys filed a Motion to Dismiss on August 31, 2001. On September 19, 2001, Claimants filed an Opposition to Respondents Joseph Arbia, III and Ryan M. Jeffreys' Motions to Dismiss. On October 4, 2001, the Panel held a telephonic pre-hearing conference to hear oral argument on the Motions to Dismiss. The Panel subsequently ruled that Respondent Ryan M. Jeffreys' Motion to Dismiss is granted, that Respondent Ryan M. Jeffreys is dismissed with prejudice, and that the matter would continue against the remaining Respondents.

On March 19, 2002, Respondent Ryan M. Jeffreys filed an Application for Expungement, requesting that an Award be issued at the conclusion of this matter to recommend expungement of his CRD record.

On May 16, 2006, Respondents Maria C. Maglione and David J. Morochnick filed a Motion to Dismiss. On May 1, 2006, Respondent Joseph Arbia, III filed a Motion to Dismiss. On May 31, 2006, Claimants filed an opposition to the Motions to Dismiss. On June 16, 2006, the Panel held a telephonic pre-hearing conference to hear oral argument on the Motions to Dismiss. On June 16, 2006, the Panel issued an Order granting both Motions to Dismiss and dismissing Respondents Maria C. Maglione, David J. Morochnick, and Joseph Arbia, III from this matter.

On November 2, 2006, Claimants withdrew their claims against all remaining Respondents in this matter.

### **AWARD**

After considering the pleadings, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimants have withdrawn their claims against all remaining Respondents in this matter.
- 2) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Ryan M. Jeffreys' registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Respondent Ryan M. Jeffreys must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 3) The parties shall bear their respective costs, including attorney's fees.
- 4) All other relief requested and not expressly granted is denied.

### **FEES**

Pursuant to the NASD Code of Arbitration Procedure ("Code"), the following fees are assessed:

#### **Filing Fees**

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

Initial claim filing fee	= \$ 175.00
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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 that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Northridge Capital Corporation is a party and the following fees are assessed:

Member Surcharge	= \$ 800.00
Pre-Hearing Process Fee	= \$ 600.00
Hearing Process Fee	= \$ 1,000.00
<b>Total Member Fees</b>	<b>= \$ 2,400.00</b>

### **Forum Fees and Assessments**

The Panel assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. A 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:

5 Pre-hearing conference sessions with the Panel @ \$600.00/session = \$ 3,000.00

Pre-hearing conferences: August 6, 2001 1 session  
October 4, 2001 1 session  
December 16, 2005 1 session  
February 15, 2006 1 session  
June 16, 2006 1 session

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**Total Forum Fees** = \$ 3,000.00

1. The Panel assessed \$358.33 of the forum fees jointly and severally to Claimants.
2. The Panel assessed \$358.33 of the forum fees to Respondent Northridge Capital Corporation.
3. The Panel assessed \$358.33 of the forum fees to Respondent Frederick J. Hentschel, III.
4. The Panel assessed \$133.33 of the forum fees to Respondent Ryan M. Jeffreys.
5. The Panel assessed \$358.33 of the forum fees to Respondent Michael S. Weiner.
6. The Panel assessed \$358.33 of the forum fees to Respondent Joseph Arbia, III.
7. The Panel assessed \$358.33 of the forum fees to Respondent Maria C. Maglione.
8. The Panel assessed \$358.33 of the forum fees to Respondent David J. Morochnick.
9. The Panel assessed \$358.33 of the forum fees to Respondent Vincent Capetta.
10. The Panel waived \$0.03 of the forum fees.

### Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 175.00
Forum Fees	= \$ 358.33
Total Fees	= \$ 533.33
Retained Deposit in Accordance with Rule 10332(f) of the Code	= \$ 241.67
Less payments	= \$( 775.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 0.00</b>

2. Respondent Northridge Capital Corporation is charged with the following fees and costs:

Member Fees	= \$ 2,400.00
Forum Fees	= \$ 358.33
Total Fees	= \$ 2,758.33
Less payments	= \$( 0.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 2,758.33</b>

3. Respondent Frederick J. Hentschel, III is charged with the following fees and costs:

Forum Fees	= \$ 358.33
Less payments	= \$( 0.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 358.33</b>

4. Respondent Ryan M. Jeffreys is charged with the following fees and costs:

Forum Fees	= \$ 133.33
Less payments	= \$( 0.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 133.33</b>

5. Respondent Michael S. Weiner is charged with the following fees and costs:

Forum Fees	= \$ 358.33
Less payments	= \$( 0.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 358.33</b>

6. Respondent Joseph Arbia, III is charged with the following fees and costs:

Forum Fees	= \$ 358.33
Less payments	= \$( 0.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 358.33</b>

7. Respondent Maria C. Maglione is charged with the following fees and costs:

Forum Fees	= \$ 358.33
Less payments	= \$( 0.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 358.33</b>

8. Respondent David J. Morochnick is charged with the following fees and costs:

Forum Fees	= \$ 358.33
Less payments	= \$( 0.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 358.33</b>

9. Respondent Vincent Capetta is charged with the following fees and costs:

Forum Fees	= \$ 358.33
Less payments	= \$( 0.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 358.33</b>

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

**ARBITRATION PANEL**

Thomas L. Flattery	-	Public Arbitrator, Presiding Chair
Arthur T. Berggren	-	Public Arbitrator
Christopher J. Rogers	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

*Thomas L. Flattery*

Thomas L. Flattery  
Chair, Public Arbitrator

*January 5, 2007*  
Signature Date

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Arthur T. Berggren  
Public Arbitrator

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

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Christopher J. Rogers  
Non-Public Arbitrator

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

*1/9/07*  
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Date of Service

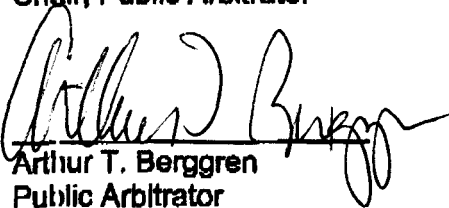
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Arthur T. Berggren	-	Public Arbitrator
Christopher J. Rogers	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

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Thomas L. Flattery  
Chair, Public Arbitrator

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Signature Date

  
\_\_\_\_\_  
Arthur T. Berggren  
Public Arbitrator

1/5/07  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Christopher J. Rogers  
Non-Public Arbitrator

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

1/9/07  
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Arthur T. Berggren	-	Public Arbitrator
Christopher J. Rogers	-	Non-Public Arbitrator

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Thomas L. Flattery  
Chair, Public Arbitrator

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Signature Date

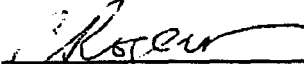
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Arthur T. Berggren  
Public Arbitrator

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Signature Date

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Christopher J. Rogers  
Non-Public Arbitrator

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1-9-2007  
Signature Date

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1/9/07  
Date of Service