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

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In the Matter of the Arbitration Between:

Name of the Claimant  
Universidad Politecnica de Puerto Rico

Case Number: 00-04814

Names of the Respondents  
R.K. Grace & Company a/k/a and/or d/b/a R.K. Grace & Company, Inc. and Roberto Luis Perez

Hearing Site: Boca Raton, Florida

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**REPRESENTATION OF PARTIES**

For Universidad Politecnica de Puerto Rico ("Claimant"): Ramon E. Davila-Carlos, Esq., Bauza & Davila, Old San Juan, Puerto Rico.

For Respondent Roberto Luis Perez ("Perez"): Luz Ivette Rivera, Esq., Luz Ivette Rivera & Asociados, San Juan, Puerto Rico.

For Respondent R.K. Grace & Company a/k/a and/or d/b/a R.K. Grace & Company, Inc. ("Grace"): Francisco M. Lopez-Romo, Esq., Orlando, Florida until his withdrawal as counsel on or about December 26, 2001. Thereafter, Respondent Grace did not appear.

**CASE INFORMATION**

Statement of Claim filed on or about: October 31, 2000.  
Amended Statement of Claim filed on or about: November 10, 2000.  
Claimant signed the Uniform Submission Agreement: October 23, 2000.  
Statement of Answer filed by Respondent Perez on or about: February 23, 2001.  
Statement of Answer filed by Respondent Grace on or about: March 7, 2001.  
Respondent Perez signed the Uniform Submission Agreement: March 5, 2001.  
Respondent Grace did not file an executed Uniform Submission Agreement.  
Claimant filed a Motion for an Entry of Default on or about: December 19, 2001.  
Respondent Perez filed a Motion to Dismiss on or about: April 10, 2002.  
Claimant filed a Response to Respondent Perez's Motion to Dismiss on or about: April 19, 2002.

**CASE SUMMARY**

Claimant asserted that Respondent Perez engaged in unauthorized purchases of securities, and misrepresented material facts regarding recommendations of securities; and that Respondent Grace failed to supervise the management of Claimant's account, and is vicariously liable for Respondent Perez's actions.

Unless specifically admitted in Respondents' Statements of Answer, Respondents denied the allegations made in the Statement of Claim and asserted various defenses.

**RELIEF REQUESTED**

Claimant requested compensatory damages of \$723,796.74, plus interest, costs, attorney's fees, and any other relief it is entitled to.

Respondents requested the denial of any award to the Claimant, attorney's fees, costs, and any other expenses incurred in this matter.

**OTHER ISSUES CONSIDERED AND DECIDED**

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

On or about December 19, 2001, Claimant filed a Motion for Entry of Default against Respondent Grace for its failure to comply with all previous discovery requests and previous rulings of the Panel. Respondent Grace did not file a response. On or about February 4, 2002, the Panel issued an order that granted Claimant's Motion for Entry of Default.

On or about April 10, 2002, Respondent Perez filed a Motion to Dismiss the Statement of Claim for Claimant's failure to comply with multiple discovery requests. On or about April 19, 2002, Claimant filed a response to Respondent Perez's Motion to Dismiss stating that the motion was meritless, and requested that the Panel set this matter for a hearing on its merits on May 7 and 8, 2002.

Thereafter, on or about April 30, 2002, Claimant informed NASD Dispute Resolution, Inc. that he had dismissed all claims asserted against Respondent Perez, with prejudice.

Respondent Grace did not appear at the evidentiary hearing. Upon review of the file and the representations made on behalf of the Claimant, the Panel determined that Respondent Grace 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 said Respondent present, in accordance with the Code.

At the evidentiary hearing, Claimant asserted a motion to substitute R.K. Grace and Company also known as and/or doing business as R.K. Grace and Company, Inc. for Respondent R.K. Grace and Company.

The parties present at the hearing have agreed that the Award in this matter may be executed in counterpart copies.

**AWARD**

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

1. Respondent Grace is liable for failure to supervise and unauthorized trading, and shall pay Claimant compensatory damages in the amount of \$723,796.74, plus interest at the statutory rate in the state of Florida from May 7, 2002 until the date of payment of the Award.
2. All other requests for relief not specifically addressed herein are 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	= \$375.00
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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. Accordingly, R.K. Grace & Company is assessed:

Member surcharge	= \$2,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$3,500.00

#### **Adjournment Fees**

Adjournments were not granted during these proceedings for which fees were assessed.

#### **Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

Injunctive relief fees were not incurred in this matter.

#### **Forum Fees and Assessments**

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

Two (2) Pre-hearing sessions with Panel @ \$1,200.00	= \$2,400.00
Pre-hearing conferences:	
June 5, 2001	1 session
January 29, 2002	1 session
One (1) Hearing session @ \$1,200.00	= \$1,200.00
Hearing Date:	
May 7, 2002	1 session

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Total Forum Fees = \$3,600.00

1. The Panel has assessed \$1,200.00 of the forum fees to Respondent Grace.
2. The Panel has assessed \$1,200.00 of the forum fees to Respondent Perez.
3. The Panel has assessed \$1,200.00 of the forum fees to Claimant.

**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.

Administrative costs were not incurred in this matter.

**Fee Summary**

1. Claimant is solely liable for:	
Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 1,200.00
Total Fees	= \$ 1,575.00
Less payments	= \$ 1,575.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00
2. Respondent Grace is solely liable for:	
Member Fees	= \$ 6,100.00
Forum Fees	= \$ 1,200.00
Total Fees	= \$ 7,300.00
Less payments	= \$ 720.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 6,580.00
3. Respondent Perez is solely liable for:	
Forum Fees	= \$ 1,200.00
Total Fees	= \$ 1,200.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,200.00

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

**ARBITRATION PANEL**

Sheldon N. Reibman, Esq.	-	Public Arbitrator, Presiding Chairperson
Harvey Alan Blinksilver, Esq.	-	Public Arbitrator
John Uustal	-	Non-Public Arbitrator

NASD Dispute Resolution, Inc.

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**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Sheldon N. Reibman, Esq.  
Public Arbitrator, Presiding Chairperson

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Signature Date

\_\_\_\_\_  
Harvey Alan Blinksilver, Esq.  
Public Arbitrator

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

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John Uustal  
Non-Public Arbitrator

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Signature Date

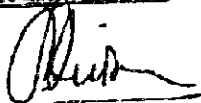
June 14, 2002

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

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NASD Dispute Resolution, Inc.  
Arbitration No. 00-04814  
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Concurring Arbitrators' Signatures



Sheldon N. Reibman, Esq.  
Public Arbitrator, Presiding Chairperson

June 13, 2002  
Signature Date

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Harvey Alan Blicksilver, Esq.  
Public Arbitrator

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

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John Uustal  
Non-Public Arbitrator

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Public Arbitrator, Presiding Chairperson

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Signature Date

  
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Harvey Alan Blicksilver, Esq.  
Public Arbitrator

6-12-04  
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Signature Date

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John Uustal  
Non-Public Arbitrator

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Signature Date

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JUN. 12. 2002

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NASD Dispute Resolution, Inc.

Arbitration No. 00-04814

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Sheldon N. Reibman, Esq.

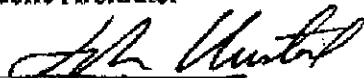
Public Arbitrator, Presiding Chairperson

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Signature Date

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Harvey Alan Blicksilver, Esq.

Public Arbitrator

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



John Uustal

Non-Public Arbitrator

6/12/02

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Signature Date

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