

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

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In the Matter of the Arbitration Between

Name of Claimant

Gerald P. Bellizzi

Case No. 00-04889

Name of Respondents

Royal Hutton Securities, Corp.  
John Vazaios, Jr.  
Richard A. Scarsella

Hearing Site: Philadelphia, PA

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**REPRESENTATION OF PARTIES**

Claimant, Gerald P. Bellizzi ("Claimant"): Nicholas-J. Guiliano, Esq. and Steven M. Dranoff, Esq., Law offices of Dranoff-Perlstein Associates, Philadelphia, PA.

Respondent, Royal Hutton Securities, Corp. ("Royal Hutton") was not represented at the hearing.

Respondent John Vazaios, Jr. ("Vazaios") was not represented at the hearing.

Respondent Richard A. Scarsella ("Scarsella") was not represented at the hearing.

**CASE INFORMATION**

Statement of Claim filed on or about: November 1, 2000

Claimants signed the Uniform Submission Agreement: October 24, 2000

Statement of Answer filed by Royal Hutton on or about: March 9, 2001

Royal Hutton did not file a Uniform Submission Agreement.

Statement of Answer filed by Vazaios on or about: February 5, 2001

Vazaios's signed his Uniform Submission Agreement: February 1, 2001

Scarsella did not file an Answer or a Uniform Submission Agreement.

### CASE SUMMARY

Claimant alleged, among other things, the following cause of actions: violation of federal and state securities laws; common law fraud, unauthorized trading, breach of fiduciary duty, violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Act. The causes of action relate to Respondents sale of 26,000 shares of Appletree Art Publishers, Inc. stock through the use of false and deceptive sales tactics and intentional misstatements and omissions of material fact.

Unless specifically admitted in its Answer, Royal Hutton denied the allegations asserted in the Statement of Claim. Royal Hutton maintained the following defenses: proper supervision; there was no fiduciary duty owed to Claimant; Claimant assumed the risks associated with investing in the securities markets; Claimant has failed to state a claim for unsuitability; losses suffered by Claimant were caused or contributed to by persons, conditions, or events beyond Royal Hutton's control; Royal Hutton acted in good faith; Claimant has failed to state a claim for which relief can be granted; Claimant failed to use due diligence with respect to the transactions and acts complained of; Claimant's losses were caused by his own negligence; ratification; Royal Hutton denied the claims of misrepresentation and fraud, and as a matter of law Claimant is not entitled to punitive damages or attorneys' fees.

Unless specifically admitted in its Answer, Vazaios denied the allegations asserted in the Statement of Claim. Vazaios maintained the following defenses: assumption of risk; waiver, ratification and estoppel; Vazaios acted in accordance with Claimant's instructions; Claimant's losses were not proximately caused by Respondents; Claimant failed to mitigate; Claimant's claim is barred or should be reduced by comparative negligence; all trades were fully disclosed; Claimant's account was handled in accordance and in compliance with applicable industry standards and all regulatory requirements; damages suffered by Claimant were not caused by Vazaios but were caused by market conditions; and, Claimant's claims are barred by the applicable statute of limitations.

### RELIEF REQUESTED

Claimant, in his Statement of Claim, requested:

Compensatory damages	\$ 75,000
Punitive damages	unspecified
Lost income under the well managed portfolio theory	unspecified
Costs	unspecified
Attorneys' fees	unspecified
Interest	unspecified

Royal Hutton requested that all relief requested by Claimant be denied in its entirety.

**OTHER ISSUES CONSIDERED AND DECIDED**

Royal Hutton did not file with NASD Dispute Resolution, Inc. ("NASD-DR") a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and, having answered the claim, is bound by the determinations of the Panel on all issues submitted.

After due notice of this matter, Vazaios did not appear at the hearing. Vazaios having answered the claim and having filed with NASD-DR a properly executed submission agreement is required to submit to arbitration pursuant to the Code on all issues submitted and decided and shall be bound by the determinations of the Panel.

The Panel has determined that there is insufficient evidence in the file to conclude that Scarsella was properly served with the Statement of Claim and notice of the hearing, therefore, all claims asserted against Scarsella are dismissed without prejudice.

**AWARD**

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

1. That Respondents Royal Hutton Securities Corp. and John Vazaios, Jr. are jointly and severally liable to Claimant Gerald P. Bellizzi and shall pay to Claimant the sum of \$75,651.84; no prejudgment interest is awarded on this amount.
2. That Claimant's request for treble damages pursuant to UTP/CLP 73 Pa C.S.A. Section 201-1 et seq. is denied in its entirety.
3. That Respondents Royal Hutton Securities Corp. and John Vazaios, Jr. are jointly and severally liable to Claimant Gerald P. Bellizzi for attorneys' fees in the amount of \$10,000; no prejudgment interest is awarded.
4. That the parties shall bear their respective costs and fees except as Fees are specifically addressed below.
5. That any and all claims for relief requested not specifically addressed herein is denied in its entirety.

**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 = \$ 225

**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, the member firm is a party

Member surcharge = \$1,000

Pre-hearing process fee = \$ 600

**Forum Fees and Assessments**

The arbitrator has the authority to assess forum fees for each hearing session conducted. A hearing 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:

Two (2) Pre-hearing sessions with one arbitrator x \$450 = \$ 900

Pre-hearing conference:	December 12, 2001	1 session
	December 20, 2001	1 session

One (1) pre -hearing session with Panel x \$750 = \$ 750

Pre-hearing conference:	August 22, 2001	1 session
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One (1) Hearing session x \$750 = \$ 750

Hearing Dates:	January 22, 2002	1 session
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Total Forum Fees	= \$2,400
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The Panel has assessed forum fees in the amount of \$2,400; jointly and severally against Respondents Royal Hutton and John Vazaio.

Fee Summary

Claimant is assessed the following fee:

Initial Filing Fee = \$ 225

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Total Fees = \$ 225

Less payments = \$1,425

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Refund Due to Claimant = \$1,200

Respondent Royal Hutton and Vazaios are jointly and severally assessed:

Forum Fees = \$2,400

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Total Fees = \$2,400

Less payments = \$ 0

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Balance Due NASD Dispute Resolution, Inc. = \$2,400

Respondent Royal Hutton is assessed the following fees:

Member Fees = \$1,600

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Total Fees = \$1,600

Less payments = \$ 0

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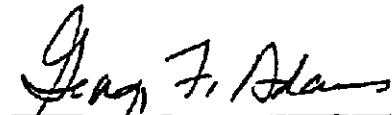
Balance Due NASD Dispute Resolution, Inc. = \$1,600

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

George F. Adams	-	Public Arbitrator, Presiding Chairperson
Kenneth Stewart	-	Public Arbitrator, Panelist
Clifford A. Harwick	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures



George F. Adams, Esq.  
Public Arbitrator, Presiding Chairperson

2/15/02

Signature Date

Kenneth Stewart  
Public Arbitrator, Panelist

Signature Date

Clifford A. Harwick  
Non-Public Arbitrator, Panelist

Signature Date

March 6, 2002

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

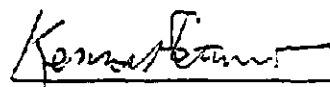
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Public Arbitrator, Presiding Chairperson

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Signature Date

  
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Kenneth Stewart  
Public Arbitrator, Panelist

Feb 25 2002  
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Signature Date

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Non-Public Arbitrator, Panelist

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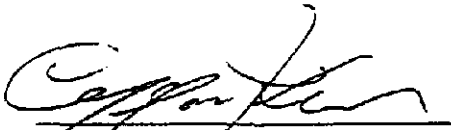
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