

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Steven Glenn Curtis and Rosemary Curtis, Steven Glenn Curtis Profit Sharing Plan, Kaiser Sose Limited Partnership, and Glenn Curtis (Claimants) v. Cantone Research, Inc., Anthony J. Cantone, and Christine L. Cantone (Respondents)

Case Number: 00-05772

Hearing Site: New York, New York

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

REPRESENTATION OF PARTIES

Claimants Steven Glenn Curtis and Rosemary Curtis ("S. Curtis and R. Curtis"), Steven Glenn Curtis Profit Sharing Plan ("S. Curtis Profit Sharing Plan"), Kaiser Sose Limited Partnership ("Kaiser"), and Glenn Curtis ("G. Curtis") hereinafter collectively referred to as "Claimants": Robert S. Moraff, Esq., Robert S. Moraff, P.C., Wayne, NJ. Previously represented by: Robert S. Moraff, Esq., Ambrosio, Kyreakakis, DiLorenzo, Moraff & McKenna, Bloomfield, NJ.

Respondents Cantone Research, Inc. ("Cantone Research"), Anthony J. Cantone ("A. Cantone"), and Christine L. Cantone ("C. Cantone") hereinafter collectively referred to as "Respondents": Walter L. Baumgardner, Esq., Musilli, Baumgardner, Wagner & Parnell, P.C., St. Clair Shores, MI.

CASE INFORMATION

Statement of Claim filed on or about: December 28, 2000.

Answer to Counterclaim filed by Claimants on or about: May 7, 2001.

Response to Motion to Dismiss Claims Against Christine Cantone filed by Claimants on or about: April 17, 2001.

Claimants S. Curtis and R. Curtis signed the Uniform Submission Agreement: January 19, 2001.

Claimant S. Curtis Profit Sharing Plan signed the Uniform Submission Agreement: January 19, 2001.

Claimant Kaiser signed the Uniform Submission Agreement: January 19, 2001.

Claimant G. Curtis signed the Uniform Submission Agreement: January 19, 2001.

Joint Statement of Answer, Counterclaim, and Motion to Dismiss filed by Respondents on or about: March 27, 2001.

Respondent Cantone Research signed the Uniform Submission Agreement: April 17, 2001.

Respondent A. Cantone signed the Uniform Submission Agreement: April 15, 2001.
Respondent C. Cantone signed the Uniform Submission Agreement: April 17, 2001.

CASE SUMMARY

Claimants asserted the following causes of action: excessive commissions generated; excessive trading; suitability; failure to exercise due diligence; fraud; breach of an express and implied contract; failure to supervise; breach of fiduciary duty; and violation of the Rules of Fair Practice. Claimants' claim involved unspecified securities. Unless specifically admitted in their Answer to Counterclaim, Claimant G. Curtis denied the allegations made in the Counterclaim and asserted various affirmative defenses.

Unless specifically admitted in their Answer, Counterclaim, and Motion to Dismiss, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In their Counterclaim against G. Curtis, Respondents asserted the following causes of action: violation of NASD rules; and utilization of inside information to purchase securities.

RELIEF REQUESTED

Claimants requested compensatory damages; punitive damages; requiring Respondents to reimburse Claimants for all commissions/profits generated on Claimants' accounts; interest and costs; and reasonable attorneys' fees. In their Answer to Counterclaim, Claimants requested that the Counterclaim be dismissed with prejudice, and Claimant G. Curtis be awarded counsel fees and costs. In their Response to Motion to Dismiss Claims Against Christine Cantone, Claimants requested that the motion be denied.

Respondents requested that the Panel dismiss the Claim, award them attorneys' fees, costs, and expenses. In their Counterclaim, Respondents requested that the Panel refer this matter to the NASD District Business Conduct Committee for investigation into the failure to obtain written permission to maintain an account at another brokerage firm for purchasing securities based upon inside information and front running; an award equal to any amount the Panel may award on the underlying claim inasmuch as G. Curtis was aware of and participated in all activity in the account and only filed the claim in an attempt to avoid the referral to the NASD District Business Conduct Committee; and award Respondents \$100,000.00 for breach of the nondisclosure agreement and misappropriation of research. In her Motion to Dismiss, Respondent C. Cantone requested that the Panel dismiss her from this proceeding and award all of her attorneys' fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

Claimant Rosemary Curtis did not appear at the hearing in this matter.

At the hearing in this matter, Claimant Glenn Curtis made a motion to amend the Statement of Claim to add Claimant Glenn Curtis in his capacity as general partner of Steven Glenn Curtis Profit Sharing Plan and general partner of Kaiser Sose Limited Partnership. The Panel granted the Motion.

At the hearing in this matter, Respondents made a motion to dismiss all claims asserted against Christine L. Cantone. The Panel granted the Motion.

At the hearing in this matter, Respondents made a motion to strike Rosemary Curtis as a Claimant. The Panel denied the Motion.

The parties have 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, and 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. Claimants' claims are dismissed in their entirety.
2. Respondents' counter-claim is dismissed in its entirety.
3. Any and all relief not specifically addressed herein, including punitive damages is denied.

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	= \$ 250.00
Counterclaim filing fee	= \$1,000.00

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 persons at the time of the events giving rise to the dispute. Accordingly, Cantone Research, Inc. is a party.

Member surcharge	= \$1,200.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

October 31, 2001, November 1-2, 2001, November 5, 8-9, 2001, and November 14, 2001, adjournment by Claimants	= Waived
March 4-6, 2002, adjournment by Respondents	= Waived
June 10-12, 2002, adjournment by Claimants	= Waived
June 2-4, 2003, adjournment by Claimants	= 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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel @ \$1,000.00	= \$1,000.00
Pre-hearing conferences: July 23, 2001 1 session	
Six (6) Hearing sessions @ \$1,000.00	= \$6,000.00
Hearing Dates: September 9, 2004 2 sessions	
September 10, 2004 2 sessions	
October 1, 2004 2 sessions	
Total Forum Fees	= \$7,000.00

1. The Panel has assessed \$3,500.00 of the forum fees against Claimants.
2. The Panel has assessed \$3,500.00 of the forum fees against Respondents.

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. C. Cantone, requested tapes = \$ 45.00

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 250.00
Forum Fees	= \$3,500.00
Total Fees	= \$3,700.00
<u>Less payments</u>	<u>= \$1,500.00</u>
Balance Due NASD Dispute Resolution	= \$2,200.00

2. Respondent Cantone Research is liable for:

Member Fees	= \$3,800.00
Total Fees	= \$3,800.00
<u>Less payments</u>	<u>= \$3,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally liable for:

Counterclaim Filing Fee	= \$1,000.00
Forum Fees	= \$3,500.00
Total Fees	= \$4,500.00
<u>Less payments</u>	<u>= \$1,750.00</u>
Balance Due NASD Dispute Resolution	= \$2,750.00

4. C. Cantone is liable for:

Administrative Cost	= \$ 45.00
Total Fees	= \$ 45.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 45.00

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

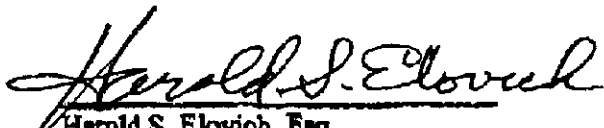
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ARBITRATION PANEL

Harold S. Elovich, Esq.	-	Public Arbitrator, Presiding Chairperson
Joseph A. Forgione	-	Public Arbitrator
Peter J. Kenny, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument in which is my award.



Harold S. Elovich, Esq.
Public Arbitrator, Presiding Chairperson

10/12/04

Signature Date

Joseph A. Forgione
Public Arbitrator

Signature Date

Peter J. Kenny, Esq.
Non-Public Arbitrator

Signature Date

October 18, 2004

Date of Service (For NASD Dispute Resolution use only)

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ARBITRATION PANEL

Harold S. Elovich, Esq.	-	Public Arbitrator, Presiding Chairperson
Joseph A. Forgione	-	Public Arbitrator
Peter J. Kenny, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument is which is my award.

Harold S. Elovich, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Joseph A. Forgione
Public Arbitrator

Signature Date



Peter J. Kenny, Esq.
Non-Public Arbitrator

10/13/04

Signature Date

October 18, 2004
Date of Service (For NASD Dispute Resolution use only)