

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

The Estate of Viola McAndrews, (Claimant) vs. Aragon Financial Services, Inc. and Richard L. Waldman, (Respondents)

Case Number: 01-00037

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, The Estate of Viola McAndrews, hereinafter referred to as "Claimant": Robert H. Weiss, Esq., Robert H. Weiss & Associates P.C., Jericho, NY.

Respondents, Aragon Financial Services, Inc. ("Aragon") and Richard L. Waldman ("Waldman"), hereinafter collectively referred to as "Respondents": Reza Bidgoli, Esq., Aragon Financial Services, Inc., Fullerton, CA. Previously represented by: Jonathan S. Robbins, Esq., Akerman Senterfitt, Fort Lauderdale, FL and Scott L. Warfman, Esq., Scott L. Warfman, P.A., Miami, FL, respectively.

CASE INFORMATION

Statement of Claim filed on or about: January 2, 2001.

Response to Motion to Dismiss filed by Claimant on or about: March 14, 2001.

Claimant signed the Uniform Submission Agreement: December 16, 2000.

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

Aragon signed the Uniform Submission Agreement: March 5, 2001.

Waldman signed the Uniform Submission Agreement: February 5, 2001.

CASE SUMMARY

Claimant asserted the following causes of action: misrepresentation; unsuitability; breach of fiduciary duty; negligence; and violations of state laws. Claimant's claims involved the following promissory notes: Keller Financial Services of Pinellas Inc., Sovereign Credit X L.C., Sovereign Credit XV L.C., and Greenbriar Credit 11 L.C.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: the Statement of Claim fails to state a claim upon which relief can be granted and fails to comply with Rule 10314(a) of the NASD Code of Arbitration Procedure in that it fails to assert relevant facts to support the remedies sought; Claimant's failure to make any written objections to the transactions constitutes a ratification of all such trades; Claimant's failure to timely object to the transactions is deemed to be a waiver and estoppel of her right to recovery; all of the transactions were executed with Claimant's knowledge, approval, and express authorization; Claimant failed to promptly mitigate her damages; by failing to exercise the degree of care over her affairs and investments which an ordinarily prudent investor would exercise, Claimant caused or contributed to the alleged damages of which Claimant complains herein, and is thus barred by her contributory negligence from recovering such alleged damages; Claimant was aware from the outset of the risks of profit and losses associated with investing in these securities, and voluntarily assumed such risk; any decline in the value of Claimant's investments was due to the marketplace or third parties, and not the acts of Aragon and its agents; Aragon has at all material times hereto acted in good faith, and has not, directly or indirectly, induced any of the improper acts alleged herein; at all relevant times, Aragon maintained a system of supervision which was reasonably implemented so as to provide reasonable assurance that the laws, rules, and regulations promulgated by the government and governing self-regulatory organizations were complied with; and the claims raised herein are barred by the applicable statute of limitations and Rule 10304 of the NASD Code of Arbitration Procedure.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$88,000.00, plus costs, interest, legal fees, statutory damages, and any other relief that may be just and proper.

Respondents requested that the Statement of Claim be dismissed with prejudice; that they be awarded costs incurred in defending this action; and that the Panel award all other necessary, equitable, and appropriate relief as is indicated by the circumstances of this case.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the conclusion of the hearings in this matter, Claimant Viola McAndrews passed away. Therefore, this arbitration proceeded on behalf of Claimant's Estate.

The Panel denied the Motion to Dismiss made by Respondents.

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, 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. Respondents be and hereby are jointly and severally liable for and shall pay to Claimant the sum of \$78,000.00 as compensatory damages, plus interest at the rate of 6% accruing from December 16, 2000 to the date of this Award.
2. All other requests for relief are hereby 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	= \$ 225.00
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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. In this matter, Aragon Financial Services, Inc. is a party.

Member surcharge	= \$1,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,500.00

Adjournment Fees

Adjournments requested during these proceedings:

Jan. 15, 16 & 17, 2002, adjournment by Respondents	= \$ 750.00
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Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing 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 x \$750.00	= \$ 750.00
Pre-hearing conference: October 29, 2001 1 session	
Two (3) Hearing sessions x \$750.00	= \$2,250.00
Hearing Dates: April 16, 2002 1 session	
April 17, 2002 2 sessions	
<hr/> Total Forum Fees	<hr/> = \$3,000.00

1. The Panel has assessed \$1,500.00 of the forum fees against Claimant.
2. The Panel has assessed \$1,500.00 of the forum fees jointly and severally against Respondents.

Fee Summary

1. Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 225.00
<u>Forum Fees</u>	<u>= \$1,500.00</u>
Total Fees	= \$1,725.00
<u>Less payments</u>	<u>= \$ 975.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 750.00
2. Aragon be and hereby is solely liable for:

<u>Member Fees</u>	<u>= \$3,100.00</u>
Total Fees	= \$3,100.00
<u>Less payments</u>	<u>= \$3,100.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

3. Respondents be and hereby are jointly and severally liable for:

Adjournment Fee	= \$ 750.00
Forum Fees	= \$1,500.00
<u>Total Fees</u>	<u>= \$2,250.00</u>
<u>Less payments</u>	<u>= \$ 750.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,500.00

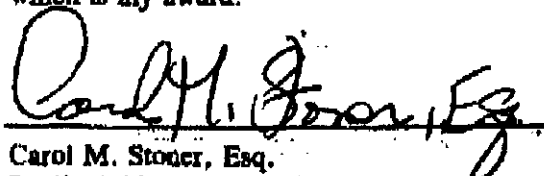
All balances are due and payable to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

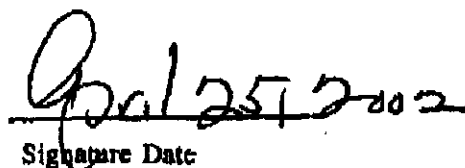
Carol M. Stoner, Esq.	-	Public Arbitrator, Presiding Chair
Saverio J. Cina	-	Public Arbitrator
Dean E. Kois	-	Industry Arbitrator

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 which is my award.



Carol M. Stoner, Esq.
Public Arbitrator, Presiding Chair



Signature Date

Saverio J. Cina
Public Arbitrator

Signature Date

Dean E. Kois
Industry Arbitrator

Signature Date

May 8, 2002

Date of Service (For NASD office use only)

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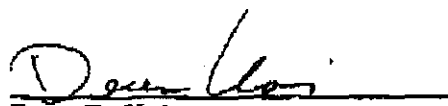
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Industry Arbitrator


Signature Date

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