

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Sandra George, (Claimant) vs. Tarpon Scurry Investments, Inc. and Michael McFarquhar,
(Respondents)

Case Number: 01-00194

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, Sandra George, hereinafter referred to as "Claimant": Herbert W. Solomon, Esq.,
Meltzer, Lippe, Goldstein & Schlissel, P.C., Mineola, NY.

Respondent, Tarpon Scurry Investments, Inc. ("Tarpon"), did not make an appearance in this
matter.

Respondent, Michael McFarquhar ("McFarquhar"), appeared *pro se*.

CASE INFORMATION

Statement of Claim filed on or about: January 10, 2001.

Claimant the Uniform Submission Agreement: April 28, 2001.

Tarpon did not file a Statement of Answer or sign a Uniform Submission Agreement.

Statement of Answer filed by McFarquhar on or about: July 26, 2001.

McFarquhar signed the Uniform Submission Agreement: July 10, 2001.

CASE SUMMARY

Claimant asserted the following causes of action: unauthorized trades; unsuitability; violation of federal and state laws prohibiting fraud in connection with the sales of securities; misrepresentations; failure to disclose the risks of the securities purchased in Claimant's account; improper short-term trading; charging of excessive commissions or mark-ups and mark-downs; churning; failure to establish, maintain, and enforce reasonable supervisory procedures to assure compliance with the NASD's rules and policies; and breach of fiduciary responsibilities. Claimant's claim involved the stocks of Snowball.com Inc. and Cytotherapeutics Inc.

Unless specifically admitted in his Answer, McFarquhar denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant was fully advised on the risks involved in investing in the stock market; McFarquhar asked Claimant about her risk tolerance and if the securities in question met her investment objectives; Claimant authorized all investments made in her account; and any realized losses sustained by Claimant were due to her own non-payment of the stock that she had agreed to purchase.

RELIEF REQUESTED

Claimant requested:

- a. Compensatory damages in the amount of \$26,089.80 for actual losses;
- b. Damages in an amount to be determined by the Arbitrator as compensation for the losses in Claimant's account as a result of improper management;
- c. A refund of commissions charged;
- d. Interest at the rate of 9% on all sums awarded to the date of payment of the Award;
- e. Punitive damages in the amount of \$23,000.00; and
- f. Reasonable attorneys' fees and the costs and disbursements of this arbitration;

McFarquhar requested that the Arbitrator dismiss the claims against him and order this matter expunged from his registration records maintained by the NASD Central Registration Depository ("CRD").

OTHER ISSUES CONSIDERED AND DECIDED

NASD Dispute Resolution, Inc. was unable to perfect service upon Respondent, Tarpon.

Tarpon did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code.

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 Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Tarpon and McFarquhar be and hereby are jointly and severally liable for and shall pay to Claimant the sum of \$26,089.80 as compensatory damages.
2. Claimant's request for punitive damages is hereby denied.
3. 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	= \$ 175.00
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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, Tarpon Scurry Investments, Inc. is a party.

Member surcharge	= \$ 800.00
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Forum Fees and Assessments

The Arbitrator assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator, including a pre-hearing conference with the arbitrator, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator x \$450.00	= \$ 450.00
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Pre-hearing conference:	December 11, 2001	1 session
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One (1) Hearing session x \$450.00	= \$ 450.00
<u>Hearing Date:</u> May 6, 2002 <u>1 session</u>	
Total Forum Fees	= \$ 900.00

The Arbitrator has assessed all of the forum fees jointly and severally against Tarpon and McFarquhar.

Fee Summary

1. Claimant be and hereby is solely liable for:

<u>Initial Filing Fee</u>	= \$ 175.00
<u>Total Fees</u>	= \$ 175.00
<u>Less payments</u>	= \$ 625.00
Refund Due Claimant	= \$ 450.00

2. Tarpon be and hereby is solely liable for:

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

3. Tarpon and McFarquhar and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 900.00
<u>Total Fees</u>	= \$ 900.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 900.00


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

ARBITRATION PANEL

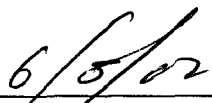
Costas Mallios - Public Arbitrator

Arbitrator's Signature

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.



Costas Mallios
Public Arbitrator, Presiding Chair



Signature Date

June 13, 2002
Date of Service (For NASD office use only)