

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

In the Matter of the Arbitration Between:

Name of the Claimant

R.F. Lafferty & Co., Inc.

Case Number: 01-00497

Name of the Respondents

Stephen J. Drechsler

Jay J. Shartsis

Weiss, Peck & Greer, LLC

Hearing Site: Philadelphia, PA

**REPRESENTATION OF PARTIES**

Claimant, R.F. Lafferty & Co., Inc. ("Lafferty"), hereinafter referred to as "Claimant": Arthur P. Fisch, Esq., New York, NY.

Respondent, Stephen J. Drechsler ("Drechsler"), hereinafter referred to as "Drechsler": Erwin Cohn, Esq., Cohn & Cohn, Chicago, IL.

Respondent, Weiss, Peck & Greer, LLC ("Weiss, Peck & Greer"), hereinafter referred to as "Weiss, Peck & Greer": Kevin T. Hoffman, Esq., Law Offices of Kevin T. Hoffman, Greenwich, CT.

Respondent, Jay Shartsis ("Shartsis") hereinafter referred to as "Shartsis": Arthur P. Fisch, Esq., New York, NY.

**CASE INFORMATION**

Statement of Claim filed on: January 30, 2001

Claimant signed the Uniform Submission Agreement: March 27, 2001

Statement of Answer filed by Respondent Drechsler on: April 2, 2001

Respondent Drechsler signed the Uniform Submission Agreement: March 27, 2001

Respondent Drechsler filed a Cross-Claim against Claimant, Jay Shartsis and Respondent Weiss, Peck & Greer on: April 2, 2001

Statement of Answer filed by Claimant on: May 15, 2001

Statement of Answer filed by Weiss, Peck & Greer on: May 14, 2001

A representative of Weiss, Peck & Greer signed the Uniform Submission Agreement on: May 14, 2001

Weiss, Peck & Greer filed a Motion to Dismiss. On January 24, 2002, Respondent Drechsler dismissed his claims against Respondent Weiss, Peck & Greer.

At the hearing, Claimant made a Motion to Dismiss the Cross-Claim.

### **CASE SUMMARY**

Claimant asserted the following causes of action: that Respondent Drechsler did not meet a margin call and made no margin payments. After a margin sellout, Respondent Drechsler's account had an unsecured debt.

Unless specifically admitted in its Answer, Respondent Drechsler denied the allegations made in the Statement of Claim and asked that the Claim be dismissed in its entirety.

Respondent Drechsler filed a Counter Claim against Claimant, Respondents Weiss, Peck & Greer and Shartsis alleging the following causes of action: breach of contract; negligence; breach of fiduciary duty; common law fraud; breach of agency doctrine; failure to supervise and train; and, unauthorized trading. Unless specifically admitted in their Answers, Claimant and Respondents Shartsis and Weiss, Peck & Greer denied the allegations in the Counter Claim and asked that the Counter Claim be dismissed in its entirety.

### **RELIEF REQUESTED**

In its pleadings and at the hearing, Claimant requested:

Compensatory Damages	\$ 23,357.51
Attorneys' Fees	\$ 28,930.00
Indemnification for attorneys fees for Kevin T. Hoffman on behalf of Respondent Weiss, Peck & Greer	\$ 20,827.42

Respondent Drechsler, in his Counter Claim requested:

Compensatory Damages	\$122,000.00
Punitive Damages	amount unspecified
Interest	amount unspecified

### **OTHER ISSUES CONSIDERED AND DECIDED**

Upon review of the file and the representations made on behalf of Respondent Drechsler, the undersigned arbitrators (the "Panel") determined that Respondent Shartsis 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 NASD Code of Arbitration Procedure (the "Code").

Respondent Shartsis 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 and is

bound by the determination of the Panel on all issues submitted.

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, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant is awarded \$23,357.51 in compensatory damages to be paid by Respondent Drechsler;
2. No interest on this amount is awarded;
3. Claimant is awarded \$10,000.00 in attorneys fees to be paid by Respondent Drechsler;
4. Claimant is awarded \$20,827.00 as indemnification for attorneys fees of Respondent Weiss, Peck & Greer to be paid by Respondent Drechsler;
5. The award of attorneys fees and indemnification for attorney's fees is based on NASD Rules;
6. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Jay Shartsis' registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Jay Shartsis must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive; and,
7. Any request for relief for relief 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 = \$ 750

Counter claim filing fee = \$ 300

## Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Claimant R.F. Lafferty & Co., Inc. and Respondent Weiss, Peck & Greer LLC are parties.

**Claimant**

Member surcharge	= \$ 400
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$2,500

**Respondent Weiss, Peck & Greer**

Member surcharge	= \$ 400
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$2,500

### **Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. A 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 Panel @ \$1,125 = \$ 2,250

Pre-hearing conferences:	October 1, 2001	1 session
	October 22, 2001	1 session

Seven (7) Hearing sessions (@ \$1,125) = \$ 7,875

Hearing Dates:	January 29, 2002	2 sessions
	January 30, 2002	2 sessions
	January 31, 2002	2 sessions

Total Forum Fees = \$10,125

The Panel has assessed \$ 8,475.00 of the forum fees to Respondent Drechsler.

### Fee Summary

Claimant, Lafferty, is solely liable for:

Initial Filing Fee	= \$ 750
<u>Member Fees</u>	= \$ 3,500
Total Fees	= \$ 4,250
<u>Less payments</u>	= \$ 4,700
Refund owed to Claimant Lafferty	= \$ 450

Respondent, Weiss, Peck & Greer, is solely liable for:

Member Fees	= \$ 3,500
Total Fees	= \$ 3,500
Less payments	= \$ 1,000
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,500

Respondent, Drechsler, is solely liable for:

Counter Claim Filing Fee	= \$ 300
Forum Fees	= \$10,125
Total Fees	= \$10,425
Less payments	= \$ 1,425
Balance Due NASD Dispute Resolution, Inc.	= \$ 9,000

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

ARBITRATION PANEL

Jerry Schuchman, Esq.	--	Public Arbitrator, Presiding Chairperson
John James McGovern, Jr., Esq.	--	Public Arbitrator, Panelist
John R. Pepe, Sr.	--	Non-Public Arbitrator, Panelist

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NASD Dispute Resolution, Inc.

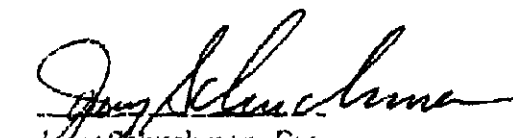
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Concurring Arbitrators' Signatures

  
Jerry Schuchman, Esq.  
Public Arbitrator, Presiding Chairperson

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Signature Date

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John James McGovern, Jr., Esq.  
Public Arbitrator, Panelist

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Signature Date

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John R. Pepe, Sr.  
Non-Public Arbitrator

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Signature Date

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

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Public Arbitrator, Panelist

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Signature Date

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Non-Public Arbitrator

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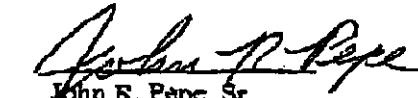
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