

**AWARD**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between

Claimant

Todd Koosman

v.

01-01436  
Minneapolis, Minnesota

Respondents

Liss Financial Services f/k/a J.E Liss & Company, Inc.  
and Justin W. Pagel

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**REPRESENTATION OF PARTIES**

Todd Koosman ("**Claimant**") was represented by William S. Lapp, Esq., of Lapp, Libra, Thomson, Stoebner & Pusch, Minneapolis, Minnesota.

Liss Financial Services f/k/a J.E Liss & Company, Inc. ("**Liss Financial**") was represented by Michael H. Schaalman, Esq., Quarles & Brady, LLC, Milwaukee, Wisconsin.

Justin W. Pagel ("**Pagel**") was represented by Jan Stuurmans, Esq., of the Law Offices of Jan Stuurmans, Minneapolis, Minnesota.

**CASE INFORMATION**

The Statement of Claim was filed on or about March 20, 2001. Submission Agreement of Claimant Todd Koosman was signed on or about March 17, 2001.

Statement of Answer was filed by Respondent Liss Financial Services f/k/a J.E Liss & Company, Inc. on or about May 21, 2001. Submission Agreement of Respondent Liss Financial Services f/k/a J.E Liss & Company, Inc. was signed on or about September 20, 2001.

Statement of Answer was filed by Respondent Justin W. Pagel on or about, May 21, 2001. Submission Agreement of Respondent Justin W. Pagel was signed on or about May 18, 2001.

**CASE SUMMARY**

Claimant asserted the following causes of action: breach of fiduciary duty; negligence; violation of the Minnesota Consumer Fraud Act; suitability and negligent supervision. The causes of action related to the purchase of 3,000 shares of theglobe.com during its Initial Public Offering (IPO). Claimant alleged that Respondent Pagel placed a market order on the shares instead of the limit order

requested. Claimant alleged that he was led to believe that he was purchasing the stock between \$9 and \$14, but instead the order was filled at \$86.50, resulting in a heavy loss in Claimant's portfolio.

Respondent Pagel denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: Claimant's claims are barred by the doctrines of waiver, assumption of risk, comparative fault, superseding cause and estoppel, and Claimant's alleged damages are due to his own actions or the actions of others whom Pagel has no control.

Respondent Liss Financial denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: Respondents Liss and Pagel did not breach any alleged fiduciary duty, at all times made full disclosure of the risks and benefits of investment recommendations, and promptly and accurately executed all orders or directives of Claimant, including Claimant's direction regarding the purchase and sale of theglobe.com; Respondent Liss did not violate any NASD or Minnesota rules regarding supervision; and the firm satisfied all of the requirements of supervising its brokers

#### **RELIEF REQUESTED**

Claimant requested an award in the amount of \$200,000 in compensatory damages. In addition, Claimant requested costs, interest, attorney's fees and any other relief that the Panel deemed just and proper.

Respondent Pagel requested that the claims asserted against him be denied in their entirety and that he be awarded his costs and any other relief that the Panel deemed just and equitable.

Respondent Liss Financial requested that the claims asserted against it be denied in their entirety and that it be awarded its costs, attorney's fees and any other relief that the Panel deemed just and equitable.

#### **OTHER ISSUES CONSIDERED & DECIDED**

On or about August 5, 2003 NASD Dispute Resolution received notice that Claimant dismissed Respondent Liss Financial Services with prejudice. The Panel did not adjudicate any issues versus Liss Financial.

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. In either case, the parties have agreed to receive conformed copies of the award while the originals remain on file with NASD Dispute Resolution ("NASD").

### AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent, Justin Pagel, is liable for and shall pay to Claimant, Todd Koosman, the sum of One Hundred Thousand Dollars and No Cents (\$100,000) in compensatory damages.
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief, including punitive damages, by any party hereto are denied with prejudice.
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys' fees.

### FEES

Pursuant to the Code, the following fees are assessed:

#### Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial 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 firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firm is Liss Financial Services f/k/a J.E Liss & Company, Inc..

Member surcharge = \$ 1,500

Pre-hearing process fee = \$ 600

Hearing process fee = \$ 2,500

#### Forum Fees and Assessments

The Arbitration 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 \$ 1,125	= \$ 1,125
Pre-hearing conference: 05/22/2003 1 session	
Three (3) Hearing sessions x \$ 1,125	= \$ 3,375
Hearing Dates: 08/12/2003 2 sessions	
08/13/2003 1 session	
Total Forum Fees	= \$ 4,500

The Arbitration Panel has assessed \$ 4,500 of the forum fees to Justin W. Pagel.

**Fee Summary**

Claimant, Todd Koosman, is liable for:

<u>Initial Filing Fee</u>	= \$ 300
<u>Total Fees</u>	= \$ 300
<u>Less payments</u>	= \$ 1,425
Balance Refunded By NASD Dispute Resolution	= \$ 1,125

Respondent, Liss Financial Services f/k/a J.E Liss & Company, Inc., is liable for:

<u>Member Fees</u>	= \$ 4,600
<u>Total Fees</u>	= \$ 4,600
<u>Less payments</u>	= \$ 2,100
Balance Due NASD Dispute Resolution	= \$ 2,500

Respondent, Justin W. Pagel, is liable for:

<u>Forum Fees</u>	= \$ 4,500
<u>Total Fees</u>	= \$ 4,500
<u>Less payments</u>	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 4,500

All balances are due to NASD Dispute Resolution pursuant to Rule 10330(g) of the Code of Arbitration

ARBITRATION PANEL

Mark W. Biglow, Esq. - Public Arbitrator, Presiding Chair  
Steven E. Reichert, Esq. - Public Arbitrator  
Guy S. Sasanfar - Industry Arbitrator

Concurring Arbitrators:

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Mark W. Biglow, Esq.  
Public Arbitrator, Presiding Chair

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Signature Date

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Steven E. Reichert, Esq.  
Public Arbitrator

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Signature Date

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Guy S. Sasanfar  
Industry Arbitrator

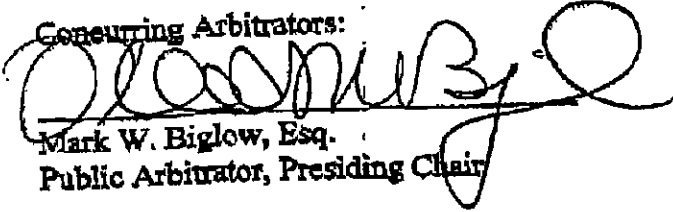
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Signature Date

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Public Arbitrator, Presiding Chair

9-15-03  
Signature Date

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Public Arbitrator

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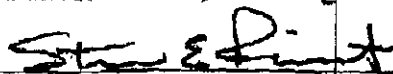
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