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**Stipulated Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Names of the Claimants

Sylvester Patterson  
Valerie Patterson

Case Number: 01-02457

Names of the Respondents

Dalton Kent Securities Group, Inc.  
Sean Miller  
David Laurence Avidon  
Glenn Ivan Beyer  
Steven Aron Chananya  
Alan Lloyd Elkes  
Justyn Seth Feldman  
David Mugrabi  
David William Reimer

Hearing Site: Boca Raton, Florida

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Nature of the Dispute: Customer v. Member and Associated Person.

**REPRESENTATION OF PARTIES**

For Sylvester Patterson and Valerie Patterson, hereinafter collectively referred to as "Claimants": Steven D. Toskes, Esq., Klayman, Lazarus & Toskes, P.A., Boca Raton, Florida.

For Respondents Dalton Kent Securities Group, Inc. ("Dalton"), David Laurence Avidon ("Avidon"), Glenn Ivan Beyer ("Beyer"), Steven Aron Chananya ("Chananya"), Alan Lloyd Elkes ("Elkes") and Justyn Seth Feldman ("Feldman"): Marc J. Ross, Esq. and Sameer Rastogi, Esq., Sichenzia Ross Friedman Ference LLP, New York, New York.

Respondents Sean Miller ("Miller"), David Mugrabi ("Mugrabi") and David William Reimer ("Reimer") did not appear.

**CASE INFORMATION**

Statement of Claim filed on or about: May 9, 2001.

Claimants signed the Uniform Submission Agreements: May 3, 2001.

Statement of Answer filed by Respondent Dalton on or about: August 6, 2001.

Motion to Amend the Statement of Claim filed by Claimants on or about: April 12, 2002.

Opposition to Claimants' Motion to Amend the Statement of Claim filed by Respondent Dalton on or about: May 7, 2002.

Amended Statement of Claim filed by Claimants on or about: June 12, 2002.

Statement of Answer and Motion to Dismiss Claimants' Amended Statement of Claim filed by Respondents

Avidon, Beyer, Chananya, Elkes and Feldman on or about: February 14, 2003.

Response to Motion to Dismiss Claimants' Amended Statement of Claim filed by Claimants on or about: March 10, 2003.

Second Amended Statement of Claim filed by Claimants on or about: June 12, 2003.

Statement of Answer and Motion to Dismiss Claimants' Second Amended Statement of Claim filed by Respondents Avidon, Beyer, Chananya, Elkes and Feldman on or about: July 25, 2003.

Respondents Miller, Mugrabi and Reimer did not file a Statement of Answer.

Respondents Dalton, Miller, Avidon, Beyer, Chananya, Elkes, Feldman, Mugrabi and Reimer did not file executed Uniform Submission Agreements.

### **CASE SUMMARY**

Claimants asserted the following causes of action: breach of fiduciary and contractual duties, common law fraud, negligence and gross negligence, violations of federal securities laws and control person liability. The causes of action relate to the purchase and sale in Claimants' account of Long Beach Financial Corporation common stock.

Unless specifically admitted in its Statements of Answer, Respondents Dalton, Avidon, Beyer, Chananya, Elkes and Feldman denied the allegations of wrongdoing set forth in the Statement of Claim, as amended, and asserted various defenses.

### **RELIEF REQUESTED**

Claimants requested compensatory damages in the amount of approximately \$30,000.00, an unspecified amount of punitive damages, costs, interest at the legal rate on all sums recovered, attorney's fees and such other and further relief as the Panel deemed just and appropriate.

Respondents Dalton, Avidon, Beyer, Chananya, Elkes and Feldman requested that the Panel dismiss the Statement of Claim, as amended, in its entirety, award them such other and further relief as the Panel deemed just and proper, and assess all costs and expenses against Claimants.

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

Respondent Dalton is not a currently registered NASD member firm and did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code"), and, having answered the claim and participated in the settlement thereof, is bound by the determination of the Panel on all issues submitted.

Respondents Avidon, Beyer, Chananya, Elkes and Feldman did not file with NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to the Code, and, having answer the claim and participated in the settlement thereof, are bound by the determination of the Panel on all issues submitted.

Respondents Miller, Mugrabi and Reimer did not file Statements of Answer or properly executed submissions

to arbitration but are required to submit to arbitration pursuant to the Code, and are bound by the determination of the Panel on all issues submitted.

On or about May 20, 2002, the Panel issued an Order that granted Claimants' motion to amend their Statement of Claim to add parties Avidon, Beyer, Chananya, Elkes, Feldman, Mugrabi and Reimer as respondents this matter.

On or about October 10, 2002, Claimants filed a notice of dismissal, with prejudice, of Respondent Reimer from this matter.

On or about January 13, 2003, Claimants dismissed Respondent Mugrabi from this matter, with prejudice.

On or about May 8, 2003, the Panel issued an Order that granted Respondents Avidon's, Beyer's, Chananya's, Elkes' and Feldman's motion to dismiss the Amended Statement of Claim, without prejudice. The Panel's Order further directed Claimants to file a Second Amended Statement of Claim properly alleging causes of action against Respondents Avidon, Beyer, Chananya, Elkes, Feldman, Dalton and Miller.

On or about September 2, 2003, the Panel issued an Order that denied Respondents Avidon's, Beyer's, Chananya's, Elkes' and Feldman's motion to dismiss the Second Amended Statement of Claim, without prejudice.

Prior to the evidentiary hearing, Claimants and Respondents Dalton, Avidon, Beyer, Chananya, Elkes and Feldman (hereinafter collectively referred to as the "Parties") fully and finally settled all claims by and between them.

On or about May 13, 2004, Claimants filed with NASD Dispute Resolution a notice of settlement.

On or about August 11, 2004, the Parties filed with NASD Dispute Resolution a proposed Stipulated Award for review and approval by the Panel.

The Parties have agreed that the Stipulated Award in this matter may be executed in counterpart copies or that a handwritten, signed Stipulated Award may be entered.

### **AWARD**

The Parties entered into an agreement to present a Stipulated Award to the Panel. Now, after considering the pleadings, in lieu of a hearing and upon motion by the Parties for entry of this Stipulated Award, the Panel grants the motion and, in full and final resolution of this matter, enters the Stipulated Award granting the following relief:

1. Claimants dismissed all claims against Respondents Miller, Dalton, Avidon, Beyer, Chananya, Elkes and Feldman.

2. The Panel recommends that all references to the above-captioned arbitration be expunged from Respondents Avidon's, Beyer's, Chananya's, Elkes' and Feldman's 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, Respondents Avidon, Beyer, Chananya, Elkes and Feldman must, at their own expense, obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. The Parties shall bear their respective costs, including attorney's fees.
4. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

### **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	= \$ 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. Accordingly, Respondent Dalton is a party:

Member surcharge	= \$ 800.00
Pre-hearing process fee	= \$ 600.00
<u>Hearing process fee</u>	= \$1,000.00
Total Member Fees	= \$2,400.00

#### **Adjournment Fees**

No adjournments were requested in this matter.

#### **Three-Day Cancellation Fees**

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session.

No three-day cancellation fees were assessed in this matter.

#### **Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred during this proceeding.

**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:

Four (4) Pre-hearing sessions with the Panel @ \$600.00/session	= \$2,400.00
Pre-hearing conferences:	
December 5, 2001	1 session
November 14, 2002	1 session
January 10, 2003	1 session
May 7, 2003	1 session
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Total Forum Fees	= \$2,400.00

Pursuant to the agreement of the Parties, the Panel has assessed forum fees as follows:

\$1,200.00 to Claimants, jointly and severally  
\$1,200.00 to Respondent Dalton

**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.

No administrative costs were incurred during this proceeding.

**Fee Summary**

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 175.00
<u>Forum Fees</u>	= <u>\$1,200.00</u>
Total Fees	= \$1,375.00
<u>Less payments</u>	= <u>\$ 775.00</u>
Balance Due NASD Dispute Resolution	= \$ 600.00

Respondent Dalton is solely liable for:

Member Fees	= \$2,400.00
<u>Forum Fees</u>	= <u>\$1,200.00</u>
Total Fees	= \$3,600.00
<u>Less payments</u>	= <u>\$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$3,600.00

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

**ARBITRATION PANEL**

Steven N. Ainbinder, Esq.	-	Public Arbitrator, Presiding Chairperson
J. Porter McClean	-	Public Arbitrator
Dominic P. Romano	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

/s/  
Steven N. Ainbinder, Esq.  
Public Arbitrator, Presiding Chairperson

August 25, 2004  
Signature Date

/s/  
J. Porter McClean  
Public Arbitrator

August 26, 2004  
Signature Date

/s/  
Dominic P. Romano  
Non-Public Arbitrator

August 26, 2004  
Signature Date

August 26, 2004  
Date of Service (For NASD Dispute Resolution office use only)

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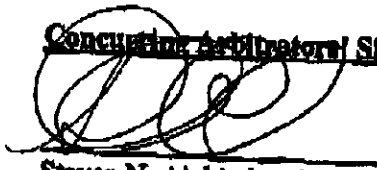
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Steven N. Ainsbinder, Esq.  
J. Porter McClean  
Dominic P. Romano

- Public Arbitrator, Presiding Chairperson  
- Public Arbitrator  
- Non-Public Arbitrator

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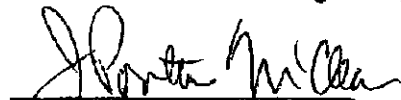
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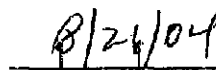
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Steven N. Almbinder, Esq.  
J. Porter McClean  
Dominic P. Romano

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Public Arbitrator, Presiding Chairperson  
Public Arbitrator  
Non-Public Arbitrator

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