

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimants

Danny and Susan Lockstadt

Case Number: 02-04686

and

Name of Respondents

John A. Gentilella, Jr.
Harvey S. Morrow
James W. Reid
Kim S. Carroll
Stephen H. Roebuck
Equitrade Securities Corporation
David L. Rutkoske

Hearing Site: Indianapolis, Indiana

REPRESENTATION OF PARTIES

Claimants Danny and Susan Lockstadt (hereinafter referred to as "Claimants") were represented by John P. Cione, Esq. of the Law Offices of John P. Cione located in Solana Beach, California.

Respondents Equitrade Securities Corporation, Kim S. Carroll and Stephen H. Roebuck (hereinafter referred to as "Respondents") were represented by William Stocker, Esq. of Equitrade Securities Corporation located in Capistrano Beach, California, but same Respondents did not appear at the hearing of this matter.

Respondents John A. Gentilella, Jr. ("Gentilella"), Harvey S. Morrow ("Morrow"), James W. Reid ("Reid") and David L. Rutkoske ("Rutkoske") did not file an Answer or a Uniform Submission Agreement and did not appear at the hearing of this matter.

CASE INFORMATION

Statement of Claim filed on or about: August 9, 2002. The Uniform Submission Agreement was signed on July 22, 2002.

Statement of Answer filed by Respondents, Equitrade, Carroll and Roebuck on or about December 6, 2003. Each Respondent executed a Uniform Submission Agreement on December 4, 2002.

Respondents John A. Gentilella, Jr. ("Gentilella"), Harvey S. Morrow ("Morrow"), James W. Reid ("Reid") and David L. Rutkoske ("Rutkoske") did not file an Answer or a Uniform Submission Agreement.

Respondent Roebuck filed a Motion to Dismiss on June 5, 2003.

Claimants filed an Opposition to Roebuck's Motion to Dismiss on June 23, 2003.

Respondent Roebuck filed a Reply in Support of Motion to Dismiss on June 23, 2003.

CASE SUMMARY

Claimants alleged the following causes of action: failure to supervise, misrepresentations, unsuitable and unauthorized trading and unauthorized use of margin.

The causes of action relate to the purchase of stocks, including securities such as Tollycraft Yacht Corporation and United Heritage Corporation. Claimants alleged that Respondent Reid misappropriated Claimants' accounts established while Reid was employed with Lloyd Wade Securities ("LWS"), then later at Equitrade Securities Corporation when LWS ceased business. Claimants further alleged that principals of LWS and Respondent Equitrade failed to supervise Reid's alleged activities.

Unless specifically admitted in its Answer, Respondents Equitrade, Roebuck and Carroll denied the allegations set forth in the Statement of Claim and asserted that Claimants failed to allege how Respondents Equitrade, Roebuck and Carroll were responsible for losses incurred in Claimants' account, that none of the alleged misconduct took place at Equitrade and Respondents were unable to verify the losses incurred in Claimants' accounts.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$110,000.00
Punitive Damages	unspecified
Interest	unspecified
Attorneys' Fees	unspecified
Other Costs	unspecified

Respondents requested that the claims asserted against them be dismissed, that they be awarded costs of this proceeding and all other relief to which it may be entitled in law or equity, and other relief as arbitrators deem appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

On July 9, 2003 Claimants settled their claims against Roebuck. Therefore, the Motion to Dismiss filed by Roebuck was moot and a hearing was not conducted.

On October 15, 2003, NASD received notice that Respondent Rutkoske filed for bankruptcy. Pursuant to 11 U.S.C. §362 of the U.S. Bankruptcy Code, all claims against this Respondent were stayed.

Upon review of the file and the representations made on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Respondents Equitrade, Gentilella, Morrow, Reid and Carroll have 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 Respondents present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondents Gentilella, Morrow and Reid did not file with NASD Dispute Resolution, a properly executed submission 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.

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 Equitrade Securities Corporation, Kim S. Carroll, John A. Gentilella, Harvey S. Morrow and James W. Reid are jointly and severally liable for and shall pay Claimants Danny and Susan Lockstadt the sum of \$80,600.99 as compensatory damages, plus interest at the rate of 8% per annum from the date of service of award until award is paid in full.
2. In addition, Respondents Equitrade Securities Corporation and Kim S. Carroll are jointly and severally liable for and shall pay to Claimants Danny and Susan Lockstadt the sum of \$4,410.75 as compensatory damages, plus interest at the rate of 8% per annum from the date of service of award until award is paid in full.
3. Parties shall bear their own costs, including any attorneys' fees, except as specified herein.
4. Any and all relief not specifically addressed herein, including punitive damages, is denied.

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 = \$300.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Equitrade Securities Corporation is assessed the following fees:

Member surcharge = \$1,700.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$2,750.00

Total Member Fees = \$5,200.00

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:

One (1) Pre-hearing session with a full Panel @ \$1,125.00 = \$1,125.00

Pre-hearing Date: May 21, 2003 1 session

Two (2) Hearing sessions @ \$1,125.00 = \$2,250.00

Hearing Date: July 29, 2003 2 sessions

Total Forum Fees = \$3,375.00

1. The Panel has assessed \$1,687.50 of the forum fees to Claimants Danny and Susan Lockstadt.
2. The Panel has assessed \$1,603.13 of the forum fees jointly and severally to Respondents Equitrade Securities Corporation, Kim S. Carroll, John A. Gentilella, Harvey S. Morrow and James W. Reid.
3. The Panel has assessed \$ 84.37 of the forum fees jointly and severally to Respondents Equitrade Securities Corporation and Kim S. Carroll.

Fee Summary

1. Claimants, Danny and Susan Lockstadt, are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 300.00
<u>Forum Fees</u>	= \$1,687.50
<u>Total Fees</u>	= \$1,987.50
<u>Less payments</u>	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$ 562.50

2. Respondent Equitrade Securities Corporation, is solely liable for:

<u>Member Fees</u>	= \$5,200.00
<u>Total Fees</u>	= \$5,200.00
<u>Less payments</u>	= \$2,450.00
Balance Due NASD Dispute Resolution	= \$2,750.00

3. Respondents Equitrade Securities Corporation, Kim S. Carroll, John A. Gentilella, Harvey S. Morrow and James W. Reid are jointly and severally liable for:

<u>Forum Fees</u>	= \$1,603.13
Balance Due NASD Dispute Resolution	= \$1,603.13

4. Respondents Equitrade Securities Corporation and Kim S. Carroll are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 84.37
Balance Due NASD Dispute Resolution	= \$ 84.37

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

NASD Dispute Resolution, Inc.

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ARBITRATION PANEL

Stephen C. Cline, Esq.	-	Public Arbitrator, Presiding Chairperson
Monette E. Draper, Esq.	-	Public Arbitrator
Thomas J. Ward, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signature(s)

Stephen C. Cline, Esq.
Public Arbitrator, Presiding Chairperson

9/24/03

Signature Date

Monette E. Draper, Esq.
Public Arbitrator

9/23/03

Signature Date

Thomas J. Ward, Esq.
Non-Public Arbitrator

9/23/03

Signature Date

9/25/03

Date of Service (For NASD Dispute Resolution office use only)

ARBITRATION PANEL

Stephen C. Cline, Esq.	-	Public Arbitrator, Presiding Chairperson
Monette E. Draper, Esq.	-	Public Arbitrator
Thomas J. Ward, Esq.	-	Non-Public Arbitrator

Consenting Arbitrators' Signature(s)



Stephen C. Cline, Esq.
Public Arbitrator, Presiding Chairperson

9/24/05

Signature Date

Monette E. Draper, Esq.
Public Arbitrator

Signature Date

Thomas J. Ward, Esq.
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution, Inc.
 Arbitration No. 02-4686
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ARBITRATION PANEL

Stephen C. Cline, Esq.	-	Public Arbitrator, Presiding Chairperson
Monette E. Draper, Esq.	-	Public Arbitrator
Thomas J. Ward, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signature(s)

Stephen C. Cline, Esq.
 Public Arbitrator, Presiding Chairperson

Signature Date

Monette E. Draper
 Monette E. Draper, Esq.
 Public Arbitrator

9/23/03
 Signature Date

Thomas J. Ward, Esq.
 Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

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ARBITRATION PANEL

Stephen C. Cline, Esq.	-	Public Arbitrator, Presiding Chairperson
Nicolas B. Draper, Esq.	-	Public Arbitrator
Thomas J. Ward, Esq.	-	Non-Public Arbitrator

Consent

Stephen C. Cline, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Nicolas B. Draper, Esq.

Public Arbitrator

Signature Date

Thomas J. Ward, Esq.
Non-Public Arbitrator

Signature Date

9/23/2013

Page of Service (For NASD Dispute Resolution office use only)