

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

---

In the Matter of the Arbitration Between:

James Jerome (Claimant) v. Ronald Bucher, Stanford Group Company and Josephthal & Co. n/k/a Fahnestock & Co. (Respondents)

Case Number: 02-05978

Hearing Site: New York, New York

---

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

**REPRESENTATION OF PARTIES**

Claimant James Jerome ("Jerome") hereinafter referred to as "Claimant": Bruce E. Baldinger, Esq., Baldinger & Levine, L.L.C., Somerville, NJ.

Respondent Stanford Group Company ("Stanford"): Rebecca Hamric, Esq., Stanford Financial Group, Houston, TX.

Respondents Ronald Bucher ("Bucher") and Josephthal & Co. n/k/a Fahnestock & Co. ("Josephthal"): Corey Sobel, Esq. and Kathryn S. Gostinger, Esq., Josephthal & Co., New York, NY.

**CASE INFORMATION**

Statement of Claim filed on or about: October 1, 2002.

Claimant's Opposition to Stanford's Motion to Dismiss filed on or about: January 21, 2003.

Claimant's Opposition to Bucher's and Josephthal's Motion to Dismiss filed on or about: January 21, 2003.

Claimant signed the Uniform Submission Agreement: September 25, 2002.

Motion to Dismiss and Statement of Answer filed by Stanford on or about: November 27, 2002.

Reply to Claimant's Opposition to Stanford's Motion to Dismiss filed on or about: February 4, 2003.

Stanford signed the Uniform Submission Agreement: November 27, 2002.

Joint Motion to Dismiss, Motion for a More Definite Statement, and Statement of Answer filed by Bucher and Josephthal on or about: December 9, 2002.

Joint Motion to Bar Claimant's Opposition to Bucher's and Josephthal's Motion to Dismiss filed on or about: January 27, 2003.

Bucher signed the Uniform Submission Agreement: January 10, 2003.

Josephthal signed the Uniform Submission Agreement: January 10, 2003.

### **CASE SUMMARY**

Claimant asserted the following causes of action: fiduciary relationship; inadequate supervision; unauthorized trading; violations of the anti-fraud provisions of the Securities and Exchange Act of 1934; misrepresentations and omissions; breach of contract; negligence; violation of New Jersey Consumer Fraud Act; violation of NASD rules; common law fraud; respondeat superior; and violation of New Jersey securities laws. Claimant's claim involved purchases of Globalstar, LP and Alliance Technology, Inc.

Unless specifically admitted in its Answer and Motion to Dismiss, Stanford denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in their Motion to Dismiss, Motion for a More Definite Statement, and Answer, Bucher and Josephthal denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

Claimant requested an award of damages against Bucher, Stanford, and Josephthal as follows:

1. For actual damages in an amount of \$70,000.00;
2. Legal interest;
3. Other damages permitted by statute;
4. For all of Claimant's costs, expenses and disbursements, including reasonable attorneys' fees in pursuing this arbitration proceeding;
5. For the costs of the filing fees paid to NASD and all forum fees advanced; and
6. For such other relief as the arbitrators deem just and proper.

Stanford requested that all claims against it by Claimant be denied in their entirety and dismissed with prejudice, that Stanford owes nothing, and that Claimant pay Stanford's reasonable and necessary attorneys' fees and costs, along with all other relief, in law or equity, to which it is justly entitled.

Bucher and Josephthal requested that the Statement of Claim of Claimant in all respects be dismissed with prejudice, and attorneys' fees and disbursements be assessed against Claimant.

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

On or about October 29, 2003, prior to the hearing in this matter, NASD Dispute Resolution and the Panel were notified that all claims of Claimant against Stanford were dismissed with prejudice in their entirety.

Claimant made a motion to strike the answer or to enter an order that the arbitrators take a negative reference to any evidence intended to contradict Claimant's position that purchases were made without authorization. After due consideration, the Panel denied said motion.

### **AWARD**

After considering the pleadings, and 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. Bucher and Josephthal are jointly and severally liable for and shall pay to Claimant the sum of \$10,000.00.
2. Any and all relief not specifically addressed herein 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	= \$ 225.00
--------------------------	-------------

#### **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 person at the time of the events giving rise to the dispute. Accordingly, Stanford Group Company is a party.

Member surcharge	= \$1,100.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$1,700.00

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Josephthal & Co. n/k/a Fahnestock & Co. is a party.

Member surcharge	= \$1,100.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$1,700.00

#### **Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the 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 a single arbitrator @ \$450.00 = \$ 450.00  
Pre-hearing conference: October 20, 2003 1 session

One (1) Pre-hearing session with Panel @ \$750.00 = \$ 750.00  
Pre-hearing conference: July 14, 2003 1 session

Two (2) Hearing sessions @ \$750.00 = \$1,500.00

Hearing Date: November 13, 2003 2 sessions

Total Forum Fees = \$2,700.00

1. The Panel has assessed \$1,350.00 of the forum fees against Claimant.
2. The Panel has assessed \$675.00 of the forum fees against Bucher.
3. The Panel has assessed \$675.00 of the forum fees against Josephthal.

**Fee Summary**

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 225.00
Forum Fees	= \$1,350.00
<u>Total Fees</u>	<u>= \$1,575.00</u>
<u>Less payments</u>	<u>= \$ 975.00</u>
Balance Due NASD Dispute Resolution	= \$ 600.00
  
2. Stanford is solely liable for:

Member Fees	= \$3,550.00
Total Fees	= \$3,550.00
<u>Less payments</u>	<u>= \$3,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00
  
3. Josephthal is solely liable for:

Member Fees	= \$3,550.00
Forum Fees	= \$ 675.00
<u>Total Fees</u>	<u>= \$4,225.00</u>
<u>Less payments</u>	<u>= \$3,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 675.00
  
4. Bucher is solely liable for:

Forum Fees	= \$ 675.00
Total Fees	= \$ 675.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 675.00

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

**ARBITRATION PANEL**

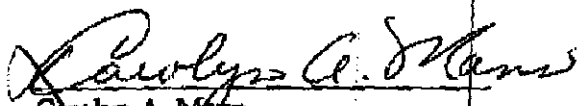
Sandra D. Parker, Esq.	-	Public Arbitrator, Presiding Chair
Carolyn A. Mann	-	Public Arbitrator
Michael Todd Clements	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

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.

Sandra D. Parker, Esq.  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

  
Carolyn A. Mann  
Public Arbitrator

December 8, 2003  
Signature Date

Michael Todd Clements  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date


December 12, 2003  
Date of Service (For NASD Dispute Resolution use only)

**ARBITRATION PANEL**

Sandra D. Parker, Esq.	-	Public Arbitrator, Presiding Chair
Carolyn A. Mann	-	Public Arbitrator
Michael Todd Clements	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

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.

  
Sandra D. Parker, Esq.  
Public Arbitrator, Presiding Chairperson

12/5/03  
Signature Date

\_\_\_\_\_  
Carolyn A. Mann  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Michael Todd Clements  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

December 12, 2003  
\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution use only)