

Award
NASD Dispute Resolution

RECEIVED

2004 MAR -9 A 8:55

In the Matter of the Arbitration Between:

**Edward Irwin Frankel, Claimant v. Aragon Financial Services, Inc. and Veritrust Financial, LLC,
Respondents**

REGISTRATION & DISCLOSURE

Case Number: 02-06887

Hearing Site: Los Angeles, California

Nature of the Dispute: Associated Person v. Members

REPRESENTATION OF PARTIES

For Claimant Edward Irwin Frankel:

**Wallace S. Fingerett, Esq.
Law Offices of Robert A. Lisnow
Los Angeles, California**

For Respondent Veritrust Financial, LLC:

**James J. Scheske, Esq.
Akin, Gump, Strauss, Hauer & Feld,
LLP
Austin, Texas**

CASE INFORMATION

Statement of Claim filed: November 12, 2002

Claimant's Uniform Submission Agreement signed: November 8, 2002

Statement of Answer filed by Respondent Aragon Financial Services, Inc.: None filed

**Respondent Aragon Financial Services, Inc.'s Uniform Submission Agreement signed:
None filed**

Statement of Answer filed by Respondent Veritrust Financial, LLC: March 4, 2003

**Respondent Veritrust Financial, LLC's Uniform Submission Agreement signed:
February 28, 2003**

CASE SUMMARY

Claimant alleged that Respondents entered false information on his Form U-5.

Respondent Veritrust Financial, LLC denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim.

RELIEF REQUESTED

Claimant requested an amendment to his Form U-5, unspecified compensatory damages, \$25,000.00 in punitive damages and costs, including attorney's fees.

Respondent Veritrust Financial, LLC requested dismissal of the Claimant's Statement of Claim in its entirety and costs.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Aragon Financial Services, Inc.'s membership with the NASD terminated on October 12, 2002. Said Respondent did not file with the NASD Dispute Resolution a properly executed submission agreement or Statement of Answer or make any other appearance in this case. Respondent Aragon Financial Services, Inc. is required, however, to submit to arbitration pursuant to the Code and is bound by the determination of the Arbitrator on all issues submitted.

On April 24, 2003, Claimant and Claimant's counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

Pursuant to the Code of Arbitration Procedure IM-10100, the waiver of the Claimant shall constitute and operate as a waiver for all member firms and associated persons (including terminated or otherwise inactive member firms or associated persons) against whom the Claim has been filed.

On March 4, 2003, Respondent Veritrust Financial, LLC, moved to dismiss the Statement of Claim against it. On December 1, 2003, a telephonic pre-hearing conference was held, attended by Claimant's counsel, Wallace A. Fingerett, Esq., Respondent Veritrust's counsel, James J. Scheske, Esq., and the Arbitrator. After due deliberation, the Arbitrator granted the motion.

The parties agreed that a handwritten, signed Award may be entered.

AWARD

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

- 1) Based on the defamatory nature of the information in NASD's Central Registration Depository ("CRD") system, the Arbitrator recommends that CRD amend Claimant's Form U-5 as follows:
 - a) Under the Section entitled "Reason for Termination / Provide an explanation below" expunge "Failure to contact home office by telephone (at least once per week) for two consecutive weeks, as required due to heightened supervision;" and,
 - b) Under the Section entitled "Reason for Termination / Provide an explanation below" add "Unable to fulfill office requirements due to severe illness."
- 2) The parties shall bear their respective costs, including attorney's fees.
- 3) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 125.00
--------------------------	-------------

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Veritrust Financial, LLC is a and the following fees are assessed:

<u>Member Surcharge</u>	= \$ 425.00
Total Member Fees	= \$ 425.00

Forum Fees and Assessments

The Arbitrator assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Arbitrator. The following fees are assessed:

Two (2) Pre-hearing conference sessions with the arbitrator @ \$450.00/session	= \$ 900.00
Pre-hearing conferences: November 6, 2003	1 session
December 1, 2003	1 session

One (1) Hearing sessions @ \$450.00/session	= \$ 450.00
Hearing: February 24, 2004	1 session

Total Forum Fees	= \$1,350.00
-------------------------	---------------------

1. The Arbitrator assessed \$675.00 of the forum fees to Claimant Edward Irwin Frankel.
2. The Arbitrator assessed \$675.00 of the forum fees to Respondent Aragon Financial Services, Inc.

Fee Summary

1. Claimant Edward Irwin Frankel is charged with the following fees and costs:

Initial Filing Fee	= \$ 125.00
Forum Fees	= \$ 675.00
Total Fees	= \$ 800.00
Less payments	= \$(575.00)
Balance Due NASD Dispute Resolution	= \$ 225.00

2. Respondent Veritrust Financial, LLC is charged with the following fees and costs:

Member Fees	= \$ 425.00
Less payments	= \$(425.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent Aragon Financial Services, Inc. is charged with the following fees and costs:

Forum Fees	= \$ 675.00
Balance Due NASD Dispute Resolution	= \$ 675.00

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

NASD Dispute Resolution
Arbitration No. 02-05887
Award Page 6 of 6

ARBITRATION PANEL

Thomas J. Doherty

Public Arbitrator

Arbitrator's Signature



Thomas J. Doherty
Public Arbitrator


Signature Date
Date of Service