
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Anthony S. Constantinou, Kathleen N. Constantinou
and Norman S. Palazini

Case Number: 03-01000

Name of the Respondent

A. Ch. Securities, Inc.

Hearing Site: Tampa, Florida

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Anthony S. Constantinou (A. Constantinou), Kathleen N. Constantinou (K. Constantinou) and Norman S. Palazini (Palazini), hereinafter referred to as "Claimants": Kalju Neksavil, Esq., Goodman & Neksavil, P. A., Tampa, Florida.

For A. Ch. Securities, Inc., hereinafter referred to as "Respondent": Edmund Pearson, President, A. Ch. Securities, Inc., Dayton, Ohio.

CASE INFORMATION

Statement of Claim filed on or about: February 10, 2003.

Claimants A. Constantinou and K. Constantinou signed the Uniform Submission Agreement: February 6, 2003.

First Amended Statement of Claim filed on or about: March 29, 2003.

Claimant Palazini signed the Uniform Submission Agreement: September 16, 2002.

Statement of Answer to First Amended Statement of Claim filed by Respondent on or about: April 15, 2003.

Respondent signed the Uniform Submission Agreement: April 15, 2003.

Motion for Entry of Default Judgment as Sanction for Respondent's Non-Compliance with Discovery

Obligations and Chairperson's Discovery Order filed by Claimants on or about: December-12, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: violations of federal securities laws; violations of the Securities Act of Connecticut; unsuitable recommendations, misrepresentations; omission of material facts and guarantee against loss; breach of contract; common law fraud; breach of fiduciary duty; negligence; and gross negligence. The causes of action relate to the purchase and sale of Alpha Telcom, Inc., Integrity Assured Life Settlements, Inc. and Viatical Settlement investments in Claimants' accounts.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses

RELIEF REQUESTED

Claimants requested compensatory damages of \$190,000.00; benefit of the bargain damages; lost opportunity costs; recessionary damages; model portfolio damages; pre-judgment interest; costs; attorneys' fees; non-economic damages; punitive damages; and such other relief as is deemed necessary and proper.

Respondent requested dismissal of the Amended Statement of Claim in its entirety; and all filing fees and forum fees.

OTHER ISSUES CONSIDERED AND DECIDED

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

On or about October 7, 2003, Claimants filed with NASD Dispute Resolution ("NASD") a Motion to Compel Respondent to produce documents. Respondent did not file a response. On or about November 5, 2003, the Panel issued an Order which stated that the production of documents and delivery was to be completed by November 20, 2003. On or about December 12, 2003, Claimants filed a Motion for Entry of Default Judgment as Sanction for Respondent's Non-Compliance with Discovery Obligations and Chairperson's Discovery Order. On or about January 6, 2004, the Panel issued an Order which deferred ruling on the Motion for Default Judgment until the hearing which was scheduled for January 8, 2004. Additionally, the Order stated that the hearing would begin by telephone and, if additional sessions were required, would continue in Tampa, Florida on the afternoon of January 8, 2004. On or about January 7, 2004, NASD received notification from Respondent that it would not be attending the telephonic conference on January 8, 2004. On January 8, 2004, the Panel convened the scheduled telephonic hearing. Respondent failed to appear. Claimants renewed their Motion for Default Judgment and the Panel granted said motion. Thereafter, the Panel reviewed the pleadings submitted and rendered a decision on all issues raised in this matter.

AWARD

After considering the pleadings and the record in this matter, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable for violation of the Connecticut Uniform Securities Act and shall pay to Claimants the following sums: to Claimants A. Constantinou and K. Constantinou compensatory damages of \$133,992.92 plus interest at the rate of eight percent (8%) per year from December 11, 2003 until the date of payment of the award; and to Claimant Palazini compensatory damages of \$96,656.62 plus interest at the rate of eight percent (8%) per year from December 11, 2003 until the date of payment of the award.

Respondent shall pay to Claimants the sum of \$300.00 representing reimbursement of the claim filing fee previously paid by Claimants to NASD Dispute Resolution.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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 firms that employed the associated persons at the time of the events giving rise to the dispute. Respondent A. Ch. Securities, Inc. is no longer a member firm of NASD. As Respondent A. Ch. Securities, Inc. participated in this matter, the following fees are assessed:

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$2,750.00</u>
Total Member Fees	= \$5,200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were incurred 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 in this matter.

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:

(1) Pre-hearing session with the Panel @ \$1,125.00 per session	= \$1,125.00
Pre-hearing conference: October 3, 2003 1 session	
(1) Hearing session @ \$1,125.00	= \$1,125.00
Hearing Date: January 8, 2004 1 session	
Total Forum Fees	= \$2,250.00

The Panel assessed the total forum fees of \$2,250.00 to Respondent.

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 in this matter.

Fee Summary

Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 300.00
<u>Total Fees</u>	= \$ 300.00
<u>Less payments</u>	= \$ 300.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondent is solely liable for:

<u>Member Fees</u>	= \$5,200.00
<u>Forum Fees</u>	= \$2,250.00
<u>Total Fees</u>	= \$7,450.00
<u>Less payments</u>	= \$2,450.00
<u>Balance Due NASD Dispute Resolution</u>	= \$5,000.00

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

ARBITRATION PANEL

<i>Richard E. Shute</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Richard Lee Klein</i>	-	<i>Public Arbitrator</i>
<i>Joseph G. Lananna</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

/s/ _____
Richard E. Shute
Public Arbitrator, Presiding Chairperson

01/30/04
Signature Date

NASD Dispute Resolution

Arbitration No. 03-01000

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/s/

Richard Lee Klein

Public Arbitrator

01/27/04

Signature Date

/s/

Joseph G. Lananna

Non-Public Arbitrator

01/26/04

Signature Date

02/03/04

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

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ARBITRATION PANEL

Richard E. Shute
Richard Lee Klein
Joseph G. Lananna

Public Arbitrator, Presiding Chairperson
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures

Richard E. Shute

Richard E. Shute
Public Arbitrator, Presiding Chairperson

Jan. 30, 2004
Signature Date

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Richard Lee Klein
Public Arbitrator

1/27/2004
Signature Date

Joseph G. Lananna
Non-Public Arbitrator

Signature Date

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

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Richard Lee Klein
Public Arbitrator

Joseph G. Lananna
Joseph G. Lananna
Non-Public Arbitrator

Signature Date

1/26/07
Signature Date

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