

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Jonathan Rapore, Trustee of the Jonathan Rapore APC Pension Plan, Jonathan Rapore, Individually, IRA/FBO Jonathan Rapore, IRA/FBO Deborah Rapore, and Jonathan Rapore as Trustee of the Bettie Rapoport Trust of 1999, Claimants v. Royal Alliance Associates, Inc., Robert L. Levine, and Joseph R. Neri, Respondents

Case Number: 03-01671

Hearing Site: Los Angeles, California

Nature of the Dispute: Customers v. Member and Associated Persons

REPRESENTATION OF PARTIES

For Claimants:

Philip M. Aidikoff, Esq.
Orousha Brocious, Esq.
Aidikoff & Uhl
Beverly Hills, California

For Respondents:

Charles J. Murray, Esq.
Lewis Brisbois Bisgaard & Smith LLP
San Francisco, California

Peter Brown Dolan, Esq.
The Dolan Firm
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: March 6, 2003

Claimants' First Amended Statement of Claim filed: January 30, 2004

Claimants' Joint Uniform Submission Agreement signed: March 7, 2003

Joint Statement of Answer filed by Respondents: May 2, 2003

Joint Statement of Answer to the Amended Statement of Claim filed: March 4, 2004

Respondent Royal Alliance Associates, Inc.'s Uniform Submission Agreement signed:
May 1, 2003

Respondent Robert L. Levine's Uniform Submission Agreement signed: March 18, 2003

Respondent Joseph R. Neri's Uniform Submission Agreement signed: March 18, 2003

CASE SUMMARY

In their Initial Statement of Claim, Claimants alleged negligence, suitability, failure to supervise, breach of contract, breach of implied covenant of good faith and fair dealing, breach of fiduciary duty, material omission, over-concentration, and lack of diversification involving unspecified securities.

In their First Amended Statement of Claim, filed pursuant to Rule 10328(b) of the NASD Code of Arbitration Procedure ("Code"), Claimants alleged breach of fiduciary duty, constructive fraud, deceit, failure to supervise, and violation of California Corporate Securities Acts, federal securities laws, NASD Rules of Fair Practice, and NYSE rules. Claimants' allegations in their First Amended Statement of Claim involved transactions in shares of Van Wagoner Emerging Growth Fund, Dresner Global Tech Fund, RS Internet Age Fund, and RS Aggressive Growth Fund.

Respondents denied the allegations of wrongdoing set forth in Claimants' Statements of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In their Initial Statement of Claim, Claimants requested unspecified compensatory damages, unspecified disgorgement, unspecified lost opportunity costs, interest at the legal rate of 10%, and costs.

In their First Amended Statement of Claim, Claimants requested \$730,000.00 in compensatory damages, unspecified punitive damages, unspecified disgorgement, restitution, and rescission, unspecified lost opportunity costs, pre- and post-judgment interest, and cost, including attorneys' fees.

Respondents requested dismissal of the Claimants' Statements of Claim in their entirety, an order recommending expungement of the claim from NASD Central Registration Depository and NASD Website, and costs.

OTHER ISSUES CONSIDERED AND DECIDED

On May 5, 2003 and September 3, 2003, Claimants and Claimants' 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 waivers of the Claimants 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 January 30, 2004, the parties submitted a Stipulation to File a First Amended Statement of Claim. On February 19, 2004, the Panel approved the Amendment.

At the hearing, the parties advised the Panel that Claimant Deborah Rapore settled her claims with Respondents.

At the hearing, the Panel admitted evidence as to losses Claimants incurred in the Jonathan David Rapore Pension Plan, Account No. 044070761. Respondents did not object to the evidence.

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

AWARD

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

1. Respondents Royal Alliance Associates, Inc., Robert L. Levine, and Joseph R. Neri are jointly and severally liable to and shall pay Claimant Jonathan David Rapore Pension Plan, Account No. 04407061, the sum of \$496,520.00 in compensatory damages.
2. Respondents Royal Alliance Associates, Inc., Robert L. Levine, and Joseph R. Neri are jointly and severally liable to and shall pay Claimant Jonathan Rapore as Trustee of the Bettie Rapoport Trust of 1999, Account No. 044307361, the sum of \$58,100.00 in compensatory damages.
3. All claims as to Claimant Jonathan Rapore as Trustee of the Jonathan Rapore APC Pension Plan, Account No. 044334910, Jonathan Rapore, Individually, Account No. 044094696, and IRA/FBO Jonathan Rapore, Account No. 044067973, are denied.
4. The Parties shall bear their respective costs, including attorney's fees.
5. 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 = \$ 375.00

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 Royal Alliance Associates, Inc. is a party and the following fees are assessed:

Member Surcharge = \$ 2,250.00

Pre-Hearing Process Fee = \$ 750.00

Hearing Process Fee = \$ 4,000.00

Total Member Fees = \$ 7,000.00

Forum Fees and Assessments

The Panel 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 Chair or the parties and the Panel. The following fees are assessed:

Two (2) Pre-hearing conference sessions with a single arbitrator @ \$450.00/session = \$ 900.00

Pre-hearing conferences: October 5, 2004 1 session
 October 11, 2004 1 session

One (1) Pre-hearing conference session with the Panel @ \$1,200.00/session = \$ 1,200.00

Pre-hearing conference: November 20, 2003 1 session

Ten (10) Hearing sessions @ \$1,200.00/session = \$ 12,000.00

Hearings: November 8, 2004 2 sessions
 November 9, 2004 2 sessions
 November 10, 2004 2 sessions
 November 11, 2004 2 sessions
 November 12, 2004 2 sessions

Total Forum Fees = \$ 14,100.00

1. The Panel assessed \$2,820.00 of the forum fees jointly and severally to Claimants Jonathan Rapore, Trustee of the Jonathan Rapore APC Pension Plan, Jonathan Rapore, Individually, IRA/FBO Jonathan Rapore, and Jonathan Rapore as Trustee of the Bettie Rapoport Trust of 1999.
2. The Panel assessed \$11,280.00 of the forum fees jointly and severally to Respondents Royal Alliance Associates, Inc., Robert L. Levine, and Joseph R. Neri.

Fee Summary

1. Claimants Jonathan Rapore, Trustee of the Jonathan Rapore APC Pension Plan, Jonathan Rapore, Individually, IRA/FBO Jonathan Rapore, and Jonathan Rapore as Trustee of the Bettie Rapoport Trust of 1999 are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 375.00
<u>Forum Fees</u>	= \$ 2,820.00
Total Fees	= \$ 3,195.00
<u>Less payments</u>	= \$ (1,500.00)
Balance Due NASD Dispute Resolution	= \$ 1,695.00
2. Respondent Royal Alliance Associates, Inc. is charged with the following fees and costs:

Member Fees	= \$ 7,000.00
<u>Less payments</u>	= \$ (4,450.00)
Balance Due NASD Dispute Resolution	= \$ 2,550.00
3. Respondents Royal Alliance Associates, Inc., Robert L. Levine, and Joseph R. Neri are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 11,280.00
<u>Less payments</u>	= \$ (0.00)
Balance Due NASD Dispute Resolution	= \$ 11,280.00

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.

ARBITRATION PANEL

John J. Costello	-	Public Arbitrator, Presiding Chair
Howard A. Emirhanian	-	Public Arbitrator
Robert P. Clifford	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


John J. Costello
Chair, Public Arbitrator

Nov 18, 2009
Signature Date

Howard A. Emirhanian
Public Arbitrator

Signature Date

Robert P. Clifford
Non-Public Arbitrator

Signature Date

11/19/04
Date of Service

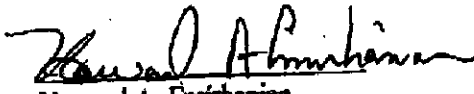
ARBITRATION PANEL

John J. Costello	-	Public Arbitrator, Presiding Chair
Howard A. Emirhanian	-	Public Arbitrator
Robert P. Clifford	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

John J. Costello
Chair, Public Arbitrator

Signature Date


Howard A. Emirhanian
Public Arbitrator

11/15/04
Signature Date

Robert P. Clifford
Non-Public Arbitrator

Signature Date

11/19/04
Date of Service

ARBITRATION PANEL

John J. Costello	-	Public Arbitrator, Presiding Chair
Howard A. Emirhanian	-	Public Arbitrator
Robert P. Clifford	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

John J. Costello
Chair, Public Arbitrator

Signature Date

Howard A. Emirhanian
Public Arbitrator

Signature Date



Robert P. Clifford
Non-Public Arbitrator

11/19/04

Signature Date

11/19/04

Date of Service