

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

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In the Matter of the Arbitration Between:

Thomas Verrastro and Marlene Verrastro, George Fotiadis, Sr., George Fotiadis, Jr., and Joseph Verrastro (Claimants) v. The Thornwater Company, L. P. and Mario H. Figueroa (Respondents)

Case Number: 03-03111

Hearing Site: New York, New York

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

**REPRESENTATION OF PARTIES**

Claimant Thomas Verrastro ("T. Verrastro") and Marlene Verrastro ("M. Verrastro"), George Fotiadis, Sr. ("G. Fotiadis, Sr."), George Fotiadis, Jr. ("G. Fotiadis, Jr."), and Joseph Verrastro ("J. Verrastro") hereinafter collectively referred to as "Claimants": John J. Fahy, Esq., Rutherford, NJ.

Respondent The Thornwater Company, L.P. ("Thornwater"): Eric Rosenberg, Esq., Altman & Company, P.C., New York, NY.

Respondent Mario H. Figueroa ("Figueroa"): Barry R. Fertel, Esq., previously Ivy L. Jacobson, Esq., Gersten, Savage, Kaplowitz, Wolf & Marcus, LLP, New York, NY.

**CASE INFORMATION**

Statement of Claim filed on or about: April 28, 2003.

Claimants T. Verrastro and M. Verrastro signed the Uniform Submission Agreement: January 27, 2003.

Claimants G. Fotiadis, Sr., G. Fotiadis, Jr., and J. Verrastro signed the Uniform Submission Agreement: January 24, 2003.

Statement of Answer and Motion to Dismiss filed by Respondent Thornwater on or about: September 10, 2003.

Respondent Thornwater signed the Uniform Submission Agreement: September 8, 2003.

Statement of Answer filed by Respondent Figueroa on or about: October 1, 2003.

Respondent Figueroa signed the Uniform Submission Agreement: September 29, 2003.

### **CASE SUMMARY**

Claimants asserted the following causes of action: failure to supervise; misrepresentations; omission of fact; breach of duty of care; and unauthorized trading. The causes of action relate to shares of Espire, Lanesborough Holdings, TicketPlanet.Com, Inc., Lighthouse Landings, Inc., and Source Media, Inc.

Unless specifically admitted in its Answer, Respondent Thornwater denied the allegations made in the Statement of Claim.

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

### **RELIEF REQUESTED**

Claimants requested compensatory damages in the amount of \$500,000.00; pre-judgment interest; costs and expenses, including reasonable attorneys' fees and experts' fees; punitive damages in the amount of \$500,000.00; and such other and further relief as the Panel deems proper.

Respondent Thornwater requested a judgment dismissing the Statement of Claim and costs and fees.

Respondent Figueroa requested that the Statement of Claim as against him be dismissed in all respects; attorneys' fees and expenses; and that the costs and disbursements be assessed against Claimants.

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

The parties have 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, 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. Claimants' claims are dismissed in their entirety, with prejudice.
2. 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 = \$375.00

**Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, The Thornwater Company, L.P. is a party.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$4,000.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

January 4, 2005, adjournment by Claimants	= Waived
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**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:

Two (2) Pre-hearing sessions with Panel @ \$1,200.00	= \$ 2,400.00
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Pre-hearing conferences:	September 28, 2004	1 session
	October 26, 2003	1 session

Ten (10) Hearing sessions @ \$1,200.00	= \$12,000.00
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Hearing Dates:	January 3, 2005	1 session
	January 5, 2005	1 session
	February 24, 2005	2 sessions
	March 1, 2005	2 sessions
	March 24, 2005	2 sessions
	April 7, 2005	2 sessions

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Total Forum Fees	= \$14,400.00
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1. The Panel has assessed \$7,200.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$7,200.00 of the forum fees jointly and severally against Respondents.

**Fee Summary**

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$7,200.00
Total Fees	= \$7,575.00

<u>Less payments</u>	= \$3,275.00
Balance Due NASD Dispute Resolution	= \$4,300.00

2. Respondent Thornwater is solely liable for:

<u>Member Fees</u>	= \$7,000.00
Total Fees	= \$7,000.00
<u>Less payments</u>	= \$3,000.00
Balance Due NASD Dispute Resolution	= \$4,000.00

3. Respondents are jointly and severally liable for:

<u>Forum Fees</u>	= \$7,200.00
Total Fees	= \$7,200.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$7,200.00

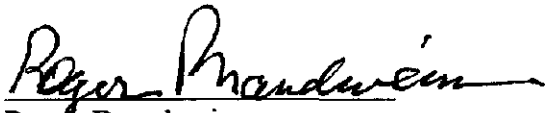
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

**ARBITRATION PANEL**

Roger Brandwein	-	Public Arbitrator, Presiding Chairperson
Krishna M. Vempaty, Esq.	-	Public Arbitrator
Andrew Reegan	-	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.



Roger Brandwein  
Public Arbitrator, Presiding Chairperson

4/13/05  
Signature Date

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Krishna M. Vempaty, Esq.  
Public Arbitrator

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

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Andrew Reegan  
Non-Public Arbitrator

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Signature Date

April 19, 2005  
Date of Service (For NASD Dispute Resolution use only)

**ARBITRATION PANEL**

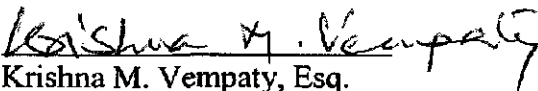
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Public Arbitrator

  
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Andrew Reegan  
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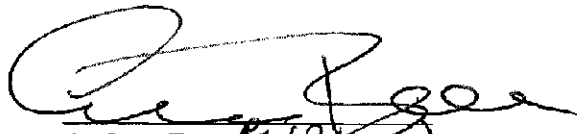
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Public Arbitrator, Presiding Chairperson

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Signature Date

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Krishna M. Vempaty, Esq.  
Public Arbitrator

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

  
Andrew Reegen (Reegen)  
Non-Public Arbitrator

4/12/2005  
Signature Date

April 19, 2005  
Date of Service (For NASD Dispute Resolution use only)