

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Richard J. Sgarlato, Robert A. Sgarlato, Gina M. Sgarlato, and Linda Bruno (Claimants)
v. RGR Financial Corp. and Ronald Paul Rafaloff (Respondents)

Case Number: 03-03815

Hearing Site: New York, New York

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

REPRESENTATION OF PARTIES

Claimants Richard J. Sgarlato ("R. J. Sgarlato"), Robert A. Sgarlato ("R. A. Sgarlato"), Gina Sgarlato ("G. Sgarlato"), and Linda Bruno ("L. Bruno") hereinafter collectively referred to as "Claimants": Christopher H. Tovar, Esq., Shepherd Smith & Bebel, L.L.P., Houston, TX. Previously represented by: Christopher J. Bebel, Esq., Shepherd Smith & Bebel, P.C., Houston, TX.

Respondents RGR Financial Corp. ("RGR") and Ronald Paul Rafaloff ("Rafaloff") hereinafter collectively referred to as "Respondents": Vincent E. Bauer, Esq., The Law Offices of Martin J. Murray, New York, NY. Previously represented by: Martin J. Murray, Esq., The Law Offices of Martin J. Murray, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: May 27, 2003.

R. J. Sgarlato signed the Uniform Submission Agreement: May 27, 2003.

R. A. Sgarlato signed the Uniform Submission Agreement: May 27, 2003.

G. Sgarlato signed the Uniform Submission Agreement: May 27, 2003.

L. Bruno signed the Uniform Submission Agreement: May 27, 2003.

Joint Statement of Answer filed by Respondents on or about: August 1, 2003.

RGR signed the Uniform Submission Agreement: July 31, 2003.

Rafaloff signed the Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract and warranties, promissory estoppel; violation of consumer protection laws; violation of federal securities laws; violation of state securities statutes; misrepresentations and omissions; and failure to supervise. Claimants' claims involved shares of Collectibles USA, Inc.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim.

RELIEF REQUESTED

Claimants requested compensatory damages between \$100,000.00 and \$500,000.00, including direct and/or consequential damages; statutory and/or punitive damages; pre-award and pre-judgment interest and costs; and any and all other relief which may be granted to them by the Arbitration Panel.

Respondents requested that the Statement of Claim be dismissed in its entirety with prejudice, that all forum fees and costs be assessed against Claimants, and that the arbitrators award Respondents such other and further relief as they deem just and proper, including attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

On November 24, 2003, a telephonic pre-hearing conference was held. The parties submitted briefs, including Claimants' Motion to Amend the Statement of Claim and Respondents' Motion to Dismiss. On February 2, 2004, a second telephonic pre-hearing conference was held. Thereafter, the Panel deliberated and reached the following decision: Claimants Motion to Amend the Statement of Claim is denied; All claims are dismissed, with prejudice, in accordance with NASD Rule 10304; Each party to bear their own counsel fees; NASD administration fees shall be shared equally by Claimants and Respondents.

According to the Panel, the parties were given the opportunity to state their positions fully during the February 2, 2004 pre-hearing conference, therefore no subsequent documents were reviewed.

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, the testimony and evidence presented at the pre-hearing conferences, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims are hereby dismissed in their entirety, with prejudice, in accordance with Rule 10304 of the NASD Code of Arbitration Procedure (six year limitation).
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 = \$300.00

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, RGR Financial Corp. is a party.

Member surcharge = \$1,700.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$2,750.00

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:

Two (2) Pre-hearing sessions with Panel @ \$1,125.00 = \$2,250.00

Pre-hearing conferences: November 24, 2003 1 session

February 2, 2004 1 session

Total Forum Fees = \$2,250.00

1. The Panel has assessed \$1,125.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$1,125.00 of the forum fees jointly and severally against Respondents.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee = \$ 300.00

Forum Fees = \$1,125.00

Total Fees = \$1,425.00

Less payments = \$1,425.00

Balance Due NASD Dispute Resolution = \$ 0.00

2. RGR is solely liable for:

<u>Member Fees</u>	= \$5,200.00
<u>Total Fees</u>	= \$5,200.00
<u>Less payments</u>	= \$5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally liable for:

<u>Forum Fees</u>	= \$1,125.00
<u>Total Fees</u>	= \$1,125.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$1,125.00

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

ARBITRATION PANEL

Ralph A. Gant, Esq.	-	Public Arbitrator, Presiding Chair
Toby Spitzer, Esq.	-	Public Arbitrator
Noreen M. Fitzgerald	-	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.

Ralph A. Gant, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Toby Spitzer, Esq.
Public Arbitrator

Signature Date



Noreen M. Fitzgerald
Non-Public Arbitrator

2/25/04

Signature Date

March 1, 2004

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

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Toby Spitzer, Esq.	-	Public Arbitrator
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Ralph A. Gant, Esq.
Public Arbitrator, Presiding Chairperson

2/27/04

Signature Date

Toby Spitzer, Esq.
Public Arbitrator

Signature Date

Noreen M. Fitzgerald
Non-Public Arbitrator

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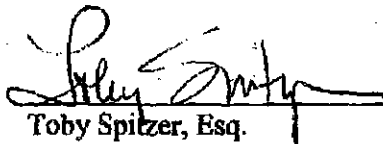
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