

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Joyce Ann Krochta

and

03-03867
Chicago, Illinois

Name of Respondents

Mesirow Financial, Inc.
Liss Financial Services a/k/a J.E. Liss & Company, Inc.
Wayne D. Shook

Nature of the Dispute: Customer vs. Member, Terminated Member and Associated Person.

REPRESENTATION OF PARTIES

Joyce Ann Krochta ("**Claimant**") was represented by Richard A. Mayer, Esq., Spangler, Jennings & Dougherty, P.C., Merrillville, Indiana.

Mesirow Financial, Inc. ("**Respondent**") was represented by Robert C. Scremin, Esq., Kane & Fischer, Ltd., Chicago, Illinois.

Liss Financial Services a/k/a J.E. Liss & Company, Inc. ("**Respondent Liss**") appeared at the hearing through the Corporate Secretary, Carol Liss.

Wayne D. Shook ("**Respondent**") participated *pro se* but did not appear at the hearing.

CASE INFORMATION

The Statement of Claim was filed on or about May 29, 2003. Submission Agreement of Claimant Joyce Ann Krochta was signed on April 30, 2003.

Statement of Answer was filed by Respondent Mesirow Financial, Inc. on or about August 12, 2003. Submission Agreement of Respondent Mesirow Financial, Inc. was signed on August 6, 2003 by A. Brad Busscher.

Statement of Answer was filed by Respondent Wayne D. Shook on or about August 6, 2003. Submission Agreement of Respondent Wayne D. Shook was signed on July 21, 2003.

CASE SUMMARY

Claimant alleged that

Throughout Mr. Shook's handling of the claimant's accounts at Mesirow Financial, Inc. and J.E. Liss & Company, he continued to trade and churn the claimant's account. Without any regard for the suitability of the claimant's investments so as to protect her retirement funds he eventually began to trade dollar stocks for the claimant. He even attempted to persuade her to take out credit cards to come up with more money for the Margin Account.

In order to keep tax losses from her friends and family, he prepared tax returns for the claimant. While working for Mesirow Financial, Inc. and J.E. Liss & Company, Mr. Shook deceived and breached his responsibilities to the claimant. Not only did Mr. Shook violate and breach his contractual and fiduciary responsibility with the claimant, but his respective brokerage houses did also. While Mr. Shook operated unabated, unmonitored and unsupervised through the respondent brokerage firms, he breached such fundamental responsibilities as set forth by law and the New York Stock Exchange. He placed the claimant's retirement funds in unsuitable securities, conducted unsolicited trading, encouraged and permitted an unsophisticated trader to trade on margin, churn the claimant's account, and violated the New York Stock Exchange, "Know your client" rule.

Respondent Shook denied the allegations set forth in the Statement of Claim. Respondent Shook specifically stated:

In just about every conversation with Ms. Krochta, I mentioned that there was no guarantee on how securities being discussed would perform in the future. Ms. Krochta acknowledged that she understood this and acknowledged that if she wanted higher returns, there are risks of possible losses.

Respondent Mesirow denied the allegations set forth in the Statement of Claim. Respondent Mesirow specifically stated:

Ms. Krochta's claims against Mesirow relate to a relatively brief time period. Although she opened her individual account at Mesirow in June 1999, there was very little activity in the account until May 2000. Between June 1999 and May 2000, no margin was ever utilized in her account, and the first time a margin balance appeared was on her June 30, 2000 monthly statement. In August 2000, due to the activity in her account and the amount of the margin being utilized, Mesirow restricted her account from any further purchases on margin. Additionally, by letter dated September 19, 2000, Mesirow advised Ms. Krochta of the risks of maintaining a margin balance in her account. Shortly after receiving this letter, Ms. Krochta closed her Mesirow account and transferred her securities to another brokerage firm - J.E. Liss & Company.

While her account was at Mesirow, Ms. Krochta did sustain certain losses. However, the vast majority of her losses relate to securities she previously owned that she deposited into her Mesirow account. Although it is unfortunate that Ms. Krochta suffered any losses while her account was at Mesirow, these losses were the result of her own investment decisions and market conditions and not the result of any wrongdoing by Mesirow.

Accordingly, Mesirow denies all of the Claim's allegations of wrongdoing and affirmatively states that it was diligent in supervising Ms. Krochta's account and acted in a reasonable and responsible manner that was consistent with all applicable securities laws and rules.

RELIEF REQUESTED

Claimant requested an award in the amount of \$196,546.00 in actual damages and \$100,000.00 in punitive damages, interest, costs and attorneys' fees.

Respondent Mesirow requested that the claims asserted against it be dismissed in their entirety, with prejudice.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondents Liss Financial Services a/k/a J.E. Liss & Company, Inc. and Wayne D. Shook had been properly served with the Statement of Claim pursuant to Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondents Liss Financial Services a/k/a J.E. Liss & Company, Inc. and Wayne D. Shook had received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

At the hearing, the Arbitration Panel was advised that Claimant had previously resolved the claims asserted against Respondent Mesirow.

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution (the "NASD").

AWARD

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

1. Respondents Liss Financial Services a/k/a J.E. Liss & Company, Inc. and Wayne D. Shook shall be and hereby are jointly and severally liable for and shall pay to Claimant Joyce Ann Krochta the sum of \$50,000.00 (**Fifty Thousand Dollars and No Cents**) as compensatory damages.
2. Respondent Wayne D. Shook shall be and hereby is liable for and shall pay to Claimant Joyce Ann Krochta the additional sum of \$25,000.00 (**Twenty Five Thousand Dollars and No Cents**) as compensatory damages.
3. Respondent Liss Financial Services a/k/a J.E. Liss & Company, Inc. shall be and hereby is liable for and shall pay to Claimant Joyce Ann Krochta the sum of \$25,000.00 (**Twenty Five Thousand Dollars and No Cents**) as punitive damages.
4. Respondent Wayne D. Shook shall be and hereby is liable for and shall pay to Claimant Joyce Ann Krochta the additional sum of \$50,000.00 (**Fifty Thousand Dollars and No Cents**) as punitive damages.
5. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
6. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees, not specifically awarded or otherwise provided for above.

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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm(s) are Mesirow Financial, Inc. and Liss Financial Services a/k/a J.E. Liss & Company, Inc.

| | | |
|-------------------------|----|----------|
| Member surcharge | \$ | 1,700.00 |
| Pre-hearing process fee | \$ | 750.00 |
| Hearing process fee | \$ | 2,750.00 |
| Total Member Fees | \$ | 5,200.00 |

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

| | | | | |
|-------------------------------------|---|----------|----|----------|
| 1 Pre-hearing session(s) with Panel | x | 1,125.00 | \$ | 1,125.00 |
| January 26, 2004 | 1 | session | | |
| 2 Hearing sessions | x | 1,125.00 | \$ | 2,250.00 |
| June 29, 2004 | 2 | sessions | | |
| Total Forum Fees | | | \$ | 3,375.00 |

The Arbitration Panel has assessed \$1,125.00 of the forum fees to Joyce Ann Krochta.

The Arbitration Panel has assessed \$2,250.00 of the forum fees jointly and severally to Liss Financial Services a/k/a J.E. Liss & Company, Inc. and Wayne D. Shook.

Fee Summary

Claimant, Joyce Ann Krochta, shall be and hereby is liable for:

| | | |
|-------------------------------------|------|-----------|
| Initial Filing Fee | = \$ | 300.00 |
| <u>Forum Fees</u> | = \$ | 1,125.00 |
| Total Fees | = \$ | 1,425.00 |
| <u>Less payments</u> | = \$ | -1,425.00 |
| Balance Due NASD Dispute Resolution | = \$ | 0.00 |

Respondent, Mesirow Financial, Inc., shall be and hereby is liable for:

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

Respondent, Liss Financial Services a/k/a J.E. Liss & Company, Inc., shall be and hereby is liable for:

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

Respondents, Liss Financial Services a/k/a J.E. Liss & Company, Inc. and Wayne D. Shook, shall be and hereby are jointly and severally liable for:

| | | |
|-------------------------------------|------|----------|
| <u>Forum Fees</u> | = \$ | 2,250.00 |
| Total Fees | = \$ | 2,250.00 |
| <u>Less payments</u> | = \$ | -0.00 |
| Balance Due NASD Dispute Resolution | = \$ | 2,250.00 |

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Michael S. Jordan - Public Arbitrator, Presiding Chair
Bradford S. Allen, Esq. - Public Arbitrator
Ronald C. Peters, CPA, CTA - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Michael S. Jordan
Michael S. Jordan
Public Arbitrator, Presiding Chair

July 22, 2004
Signature Date

/s/ Bradford S. Allen
Bradford S. Allen, Esq.
Public Arbitrator

July 22, 2004
Signature Date

/s/ Ronald C. Peters
Ronald C. Peters, CPA, CTA
Non-Public Arbitrator

July 22, 2004
Signature Date

Date of Service: _____

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Respondent, Liss Financial Services a/k/a J.E. Liss & Company, Inc., shall be and hereby is liable for:

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

Respondents, Liss Financial Services a/k/a J.E. Liss & Company, Inc. and Wayne D. Shook, shall be and hereby are jointly and severally liable for:


| | | |
|-------------------------------------|------|----------|
| Forum Fees | = \$ | 2,250.00 |
| Total Fees | = \$ | 2,250.00 |
| <u>Less payments</u> | = \$ | -0.00 |
| Balance Due NASD Dispute Resolution | = \$ | 2,250.00 |

All balances are due to NASD Dispute Resolution

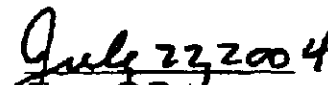
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Michael S. Jordan - Public Arbitrator, Presiding Chair
Bradford S. Allen, Esq. - Public Arbitrator
Ronald C. Peters, CPA, CTA - Non-Public Arbitrator

Concurring Arbitrators:

Michael S. Jordan
Public Arbitrator, Presiding Chair

Bradford S. Allen, Esq.
Public Arbitrator

Signature Date


Signature Date

Ronald C. Peters, CPA, CTA
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution
Arbitration No. 03-03867
Award Page 6 of 6

Respondent, Liss Financial Services a/k/a J.E. Liss & Company, Inc., shall be and hereby is liable for:

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

Respondents, Liss Financial Services a/k/a J.E. Liss & Company, Inc. and Wayne D. Shook, shall be and hereby are jointly and severally liable for:

| | | |
|-------------------------------------|------|----------|
| <u>Forum Fees</u> | = \$ | 2,250.00 |
| Total Fees | = \$ | 2,250.00 |
| <u>Less payments</u> | = \$ | -0.00 |
| Balance Due NASD Dispute Resolution | = \$ | 2,250.00 |

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Michael S. Jordan - Public Arbitrator, Presiding Chair
Bradford S. Allen, Esq. - Public Arbitrator
Ronald C. Peters, CPA, CTA - Non-Public Arbitrator

Concurring Arbitrators:

Michael S. Jordan
Public Arbitrator, Presiding Chair

Signature Date

Bradford S. Allen, Esq.
Public Arbitrator

Signature Date



Ronald C. Peters, CPA, CTA
Non-Public Arbitrator

7/22/04

Signature Date