

**STIPULATED AWARD  
NASD Dispute Resolution**

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In the Matter of the Arbitration Between

**Claimants**

Donna J. Connelly, Individually and as Trustee  
of the Donna J. Connelly Revocable Trust, the  
Donna Connelly Grantor Retained Annuity Trust,  
and the Donna J. Connelly IRA, Patricia Gruska  
and Michael Connelly, Individually and as Trustees  
of the Dennis Connelly Family Trust

and

Case Number: 03-05338  
Hearing Site: Detroit, Michigan

**Respondents**

McDonald Investments, Inc., Ronald P. Rashid and  
Charles W. Rashid

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**NATURE OF CASE**

Customers v. Member and Associated Persons

**REPRESENTATION OF PARTIES**

Donna J. Connelly, Individually and as Trustee of the Donna J. Connelly Revocable Trust, the Donna Connelly Grantor Retained Annuity Trust, and the Donna J. Connelly IRA, Patricia Gruska and Michael Connelly, Individually and as Trustees of the Dennis Connelly Family Trust ("Claimant") were represented by Dean J. Groulx, Esq., Law Offices of Dean J. Groulx, P.C., Birmingham, Michigan.

McDonald Investments, Inc. ("McDonald") was represented by Michael N. Ungar, Esq., Ulmer & Berne, LLP, Cleveland, Ohio

Ronald P. Rashid ("Ronald Rashid") and Charles W. Rashid ("Charles Rashid") were represented by Thomas G. McNeill, Esq., Dickinson Wright PLLC, Detroit, Michigan.

**CASE INFORMATION**

The Statement of Claim was filed on or about July 21, 2003. The Submission Agreement of Donna J. Connelly, Individually and as Trustee of the Donna J. Connelly Revocable Trust, the Donna Connelly Grantor Retained Annuity Trust, and the Donna J. Connelly IRA, was signed on or about July 1, 2003. The Submission Agreement of Patricia Gruska and

Michael Connelly, Individually and as Trustees of the Dennis Connelly Family Trust was signed on or about July 1, 2003.

The Statement of Answer was filed jointly by McDonald, Ronald Rashid and Charles Rashid on or about November 11, 2003. The Submission Agreement of McDonald was signed on or about November 10, 2003. The Submission Agreement of Ronald P. Rashid was signed on or about November 11, 2003. The Submission Agreement of Charles W. Rashid was signed on or about September 24, 2003.

Respondents filed a joint Motion for Summary Judgment on or about March 7, 2005. Claimants filed a Response to the Motion on or about April 4, 2005.

### **CASE SUMMARY**

Claimants asserted the following causes of action: unsuitability, unauthorized trading, churning, misrepresentation, breach of contract, breach of fiduciary duty, violation of Section 10(b)(5) of the Securities Exchange Act of 1934, violation of Michigan state securities laws, fraud, violation of NASD and NYSE rules, negligence, conversion and failure to supervise. The causes of action relate to the recommendation and sale of unspecified risky and speculative securities.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: each investment was suitable for Claimants' stated investment objectives, Claimants assumed the risks associated with their chosen investments, the performance of Claimants' investments was consistent with the relevant benchmark index during the relevant time period, Claimants ratified the investments in question, Respondents owed to Claimants no fiduciary duty with respect to their non-discretionary accounts, Claimants have no private right of action for alleged violation of self-regulatory organization rules, some or all of Claimants' claims are barred by the applicable statutes of limitation, all claims arising out of investments that are the subject of class action litigation are ineligible for arbitration and/or time barred by the terms of the separate class actions, and Claimants' failed to mitigate their alleged damages.

### **RELIEF REQUESTED**

Claimants requested an award in the amount of unspecified compensatory damages, lost opportunity costs, "benefit of the bargain" damages, commissions, tax liabilities, statutory damages, costs, interest, punitive damages, unspecified attorney fees, other fees and costs.

Respondents requested dismissal of the Statement of Claim in its entirety with an award in their favor assessing all costs and forum fees against Claimants, including attorney fees, and expungement of all references to this matter from Ronald Rashid's and Charles Rashid's Central Registration Depository records.

### **OTHER ISSUES CONSIDERED & DECIDED**

The panel denied Respondents' Motion for Summary Judgment in its order entered on or about April 13, 2005.

The parties have settled this matter and present this Stipulated Award to the panel and request that it be entered.

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 parties' submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows:

- 1.) Claimants' claims, having been withdrawn, are dismissed with prejudice;
- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
- 3.) The panel recommends the expungement of all reference to the above captioned arbitration from Respondent Ronald P. Rashid's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Ronald P. Rashid must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
- 4.) The panel recommends the expungement of all reference to the above captioned arbitration from Respondent Charles W. Rashid's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Charles W. Rashid must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive; and
- 5.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby dismissed with prejudice.

## **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 = \$ 250.00

### **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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is McDonald Investments, Inc.

Member surcharge	= \$ 1,500.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,200.00

### **Adjournment Fees**

Adjournments requested during these proceedings:

April 26-20, 2005, adjournment requested jointly (fee waived) = \$ 1,000.00

### **Forum Fees and Assessments**

The Panel has assessed forum fees for each hearing session conducted and each decision rendered on a discovery-related motion on the papers. 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:

One (1) Pre-hearing session with Panel x \$1,000.00	= \$ 1,000.00
Pre-hearing conference: May 3, 2004 1 session	
<b>Total Forum Fees</b>	<b>= \$ 1,000.00</b>

The Arbitration Panel has assessed \$500.00 of the forum fees jointly and severally to Donna J. Connelly, Individually and as Trustee of the Donna J. Connelly Revocable Trust, the Donna Connelly Grantor Retained Annuity Trust, and the Donna J. Connelly IRA, Patricia Gruska and Michael Connelly, Individually and as Trustees of the Dennis Connelly Family Trust.

The Arbitration Panel has assessed \$500.00 of the forum fees jointly and severally to McDonald Investments, Inc., Ronald P. Rashid, and Charles W. Rashid.

### **FEES SUMMARY**

Claimant, Donna J. Connelly, Individually and as Trustee of the Donna J. Connelly Revocable Trust, the Donna Connelly Grantor Retained Annuity Trust, and the Donna J. Connelly IRA, Patricia Gruska and Michael Connelly, Individually and as Trustees of the Dennis Connelly Family Trust , is liable for:

Initial Filing Fee	= \$ 250.00
Forum Fees	= \$ 500.00
Total Fees	= \$ 750.00
Less payments	= \$ 1,250.00
Balance Refunded by NASD Dispute Resolution	= \$ 500.00

Respondent, McDonald Investments, Inc., is liable for:

Member Fees	= \$ 4,450.00
Total Fees	= \$ 4,450.00
Less payments	= \$ 4,550.00
Balance Refunded by NASD Dispute Resolution	= \$ 1,000.00

Respondents, McDonald Investments, Inc. Ronald P. Rashid, and Charles W. Rashid , are jointly and severally liable for:

Forum Fees	= \$ 500.00
Total Fees	= \$ 500.00
Less payments	= \$ 500.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

**ARBITRATION PANEL**

H. Rollin Allen, Esq. - Public Arbitrator, Presiding Chair  
Edward M. Olson, Esq. - Public Arbitrator  
John R. Main - Non-Public Arbitrator

Concurring Arbitrators:

/s/ H. Rollin Allen, Esq.  
H. Rollin Allen, Esq.  
Public Arbitrator, Presiding Chair

05/09/06  
Signature Date

/s/ Edward M. Olson, Esq.  
Edward M. Olson, Esq.  
Public Arbitrator

04/28/06  
Signature Date

/s/ John R. Main  
John R. Main  
Non-Public Arbitrator

04/29/06  
Signature Date


05/11/06  
Date of Service (For NASD office use only)

NASD Dispute Resolution  
Arbitration No. 03-05338  
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**ARBITRATION PANEL**

H. Rollin Allen, Esq. - Public Arbitrator, Presiding Chair  
Edward M. Olson, Esq. - Public Arbitrator  
John R. Main - Non-Public Arbitrator

**Concurring Arbitrators:**

  
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H. Rollin Allen, Esq.  
Public Arbitrator, Presiding Chair

5/9/06  
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Signature Date

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Edward M. Olson, Esq.  
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**Edward M. Olson, Esq. - Public Arbitrator**  
**John R. Main - Non-Public Arbitrator**

**Concurring Arbitrators:**

**H. Rollin Allen, Esq.**  
**Public Arbitrator, Presiding Chair**

**Signature Date**

**Edward M. Olson, Esq.**  
**Public Arbitrator**

4/28/06  
Signature Date

**John R. Main**  
**Non-Public Arbitrator**

**Signature Date**

**Date of Service (For NASD office use only)**



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4-29-06  
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