

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

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In the Matter of the Arbitration Between:

Mildred Lillis (Claimant) v. Cantone Research, Inc. and Anthony Cantone (Respondents)

Case Number: 03-06223

Hearing Site: New York, New York

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Nature of the Dispute: Customer v. Member and Associated Person.

**REPRESENTATION OF PARTIES**

Claimant Mildred Lillis ("Lillis") hereinafter referred to as "Claimant": Marc S. Gottlieb, Esq., New York, NY.

Respondents Cantone Research, Inc. ("Cantone Research") and Anthony Cantone ("A. Cantone") hereinafter collectively referred to as "Respondents": Norman B. Arnoff, Esq., Mitchel Field, NY.

**CASE INFORMATION**

Statement of Claim filed on or about: August 26, 2003.

Claimant signed the Uniform Submission Agreement: September 11, 2003.

Joint Statement of Answer filed by Respondents on or about: November 17, 2003.

Respondent Cantone Research signed the Uniform Submission Agreement: November 18, 2003.

Respondent A. Cantone signed the Uniform Submission Agreement: November 18, 2003.

**CASE SUMMARY**

Claimant asserted the following causes of action: unsuitability; breach of fiduciary duty; and failure to supervise. Claimant's claim involved unspecified securities.

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

**RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$600,000.00, plus interest, costs, and attorneys' fees.

Respondents requested that the Panel dismiss the Statement of Claim in its entirety and award forum and attorneys' fees, and other costs to the Respondents.

**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. Respondents are jointly and severally liable and shall pay to Claimant Lillis compensatory damages in the amount of \$250,000.00.
2. Any and all relief not specifically addressed herein 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
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**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, Cantone Research, Inc. 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:

July 19, 2004, adjournment by Respondents	= Waived
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**Three-Day Cancellation Fees**

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

September 20, 2004, settlement by Claimant	= \$ 150.00
September 20, 2004, settlement by Respondent	= \$ 150.00

**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:

One (1) Pre-hearing session with Panel @ \$1,200.00	= \$ 1,200.00
Pre-hearing conference: March 31, 2004 1 session	

Ten (10) Hearing sessions @ \$1,200.00	= \$12,000.00
Hearing Dates: July 20, 2004 2 sessions	
July 21, 2004 2 sessions	
September 20, 2004 2 sessions	
October 27, 2004 2 sessions	
October 28, 2004 2 sessions	

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Total Forum Fees	= \$13,200.00
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1. The Panel has assessed \$6,600.00 of the forum fees against Claimant.
2. The Panel has assessed \$6,600.00 of the forum fees jointly and severally against Respondents.

**Administrative Costs**

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

1. Respondent Cantone Research, requested tapes = \$ 90.00

**Fee Summary**

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$6,600.00
<u>Cancellation Fee</u>	= \$ 150.00
Total Fees	= \$7,125.00
<u>Less payments</u>	= \$1,575.00

Balance Due NASD Dispute Resolution = \$5,550.00

2. Respondent Cantone Research is solely liable for:

Member Fees	= \$7,000.00
<u>Administrative Costs</u>	= \$ 90.00
Total Fees	= \$7,090.00
<u>Less payments</u>	= \$7,090.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally liable for:

Forum Fees	= \$6,600.00
<u>Cancellation Fee</u>	= \$ 150.00
Total Fees	= \$6,750.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$6,750.00

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

Edward L. Levine, Esq.	-	Public Arbitrator, Presiding Chairperson
Robert W. Kenter	-	Public Arbitrator
Edward G. Sippel	-	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 in which is my award.

  
\_\_\_\_\_  
Edward L. Levine, Esq.  
Public Arbitrator, Presiding Chairperson

11/4/04  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Robert W. Kenter  
Public Arbitrator

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

**Concurring in Part, Dissenting in Part Arbitrator's Signature**

\_\_\_\_\_  
Edward G. Sippel  
Non-Public Arbitrator

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

November 5, 2004  
\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution use only)

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Robert W. Kenter	-	Public Arbitrator
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Public Arbitrator, Presiding Chairperson

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Signature Date

  
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Robert W. Kenter  
Public Arbitrator

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

**Concurring in Part, Dissenting in Part Arbitrator's Signature**

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Edward G. Sippel  
Non-Public Arbitrator

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Robert W. Smith	-	Public Arbitrator
Edward G. S. [unclear]	-	Non-Public Arbitrator

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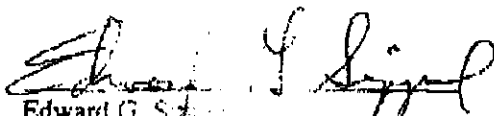
\_\_\_\_\_  
 Edward L. Levine, Esq.  
 Public Arbitrator, Presiding Chairperson

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

\_\_\_\_\_  
 Robert W. Smith  
 Public Arbitrator

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

### Concurring in Part, Dissenting in Part Arbitrator's Signature

  
 Edward G. S. [unclear]  
 Non-Public Arbitrator

Nov. 3, 2004  
 Signature Date

November 5, 2004  
 Date of Service (NASD Dispute Resolution use only)