

Award  
NASD Dispute Resolution

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In the Matter of the Arbitration Between:

Name of the Claimant  
Paul Thompson

Case Number: 03-06282

Name of the Respondent  
Indianapolis Securities, Inc.  
Alex Rabinovich

Hearing Site: Baltimore, Maryland

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

REPRESENTATION OF PARTIES

Claimant, Paul Thompson ("Claimant"), was represented by Alexander McMullen, Esq., McMullen, Drury & Pinder, P.A., Towson, Maryland.

Respondent, Indianapolis Securities, Inc. ("ISI"), was represented by Vincent M. Lentini, Esq., Respondent, Alex Rabinovich ("Rabinovich"), was not represented by counsel. Ronald J. Brescia & Associates, P.C., Garden City, New York. A representative of Respondent ISI did not appear at the hearing on the merits.

CASE INFORMATION

Statement of Claim filed on August 27, 2003.

Claimant signed the Uniform Submission Agreement on or about August 27, 2003.

Statement of Answer and Motion for Stay of Arbitration Proceeding filed by Respondent ISI on November 10, 2003.

Respondent ISI did not file an executed Uniform Submission Agreement.

Claimant filed a Response to Respondent ISI's Answer on or about December 8, 2003.

CASE SUMMARY

Claimant asserted the following causes of action, among others: suitability, churning, breach of fiduciary duty, and failure to supervise. The causes of action relate to the purchase and sale of various securities, including Companhia Siderurgica Nacional, Genta Incorporated and American Group, Inc.

Unless specifically admitted in its Answer, Respondent ISI denied the allegations made in the Statement of Claim and asserted the following defenses, among others: Claimant failed to state a claim for which relief may be granted; ratification; failure to mitigate damages; and Claimant's claims are barred by laches, waiver and/or estoppel.

NASD Dispute Resolution  
Arbitration No. 03-06282  
Award Page 2

**RELIEF REQUESTED**

Claimant in his Statement of Claim requested:

Compensatory Damages	\$247,959.00
Punitive Damages	\$100,000.00
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondent ISI in its Statement of Answer requested that Claimant's claims against ISI be dismissed in their entirety and that it be awarded costs and attorneys' fees.

**OTHER ISSUES CONSIDERED AND DECIDED**

Claimant elected to pursue his claims against Respondent Rabinovich under Rule 10314(e) of the NASD Code of Arbitration Procedure ("Code"). On August 30, 2004 Respondent Rabinovich was removed from this case and all claims against him are proceeding in a separate matter.

During the Initial Pre-Hearing Telephonic Conference on March 4, 2004, Respondent ISI withdrew its Motion for Stay of Arbitration Proceeding.

On September 16, 2004 Claimant requested that the Panel waive the hearing and decide the matter solely on the pleadings and documentary evidence. On September 17, 2004 Respondent ISI consented to a waiver of the hearings and notified the Panel that neither counsel nor a representative of ISI would appear at the scheduled hearing. The Panel denied the request for a waiver of the hearing.

**AWARD**

After considering the pleadings, 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. Respondent ISI is liable to and shall pay to Claimant compensatory damages in the amount of \$250,155.00, plus interest on that amount. Interest shall be calculated on a simple basis and shall accrue at 6% from August 31, 2002 to the date the Award is served, and at 10% from the date the Award is served until the date the Award is paid in full;
2. All claims for punitive damages and attorneys' fees are denied in their entirety;
3. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and,
4. Any and all relief not specifically addressed herein is denied in its entirety

NASD Dispute Resolution  
Arbitration No. 03-06282  
Award Page 3

### 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 firms that employed the associated person(s) at the time of the events giving rise to the dispute. Accordingly, ISI is a party.

Member surcharge	= \$1,000.00
Pre-hearing process fee	= \$ 50.00
Hearing process fee	= \$2,500.00
Total Member Fees	= \$5,200.00

#### Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the 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 @ \$1,125.00	= \$1,125.00
Pre-hearing conference: March 4, 2004 1 session	

One (1) Hearing session @ \$1,125.00	= \$1,125.00
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Hearing Date: September 21, 2004 1 session	
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Total Forum Fees	= \$2,250.00
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1. The Panel has assessed \$2,250.00 of the forum fees to Respondent ISI.

### FEE SUMMARY

1. Claimant is assessed and shall pay the following fees:

Initial Filing Fee	= \$ 300.00
Total Fees	= \$ 300.00
Less payments	= \$1,435.00
Refund Due to Claimant	= \$1,135.00

2.. Respondent ISI is assessed and shall pay the following fees:

Member Fees	= \$5,200.00
Forum Fees	= \$2,250.00
Total Fees	= \$7,450.00
Less payments	= \$ 00.00
Balance Due NASD Dispute Resolution	= \$7,450.00

NASD Dispute Resolution  
Arbitration No. 03-06282  
Award Page 4

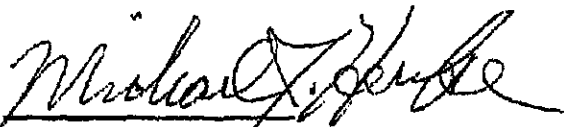
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Michael J. Henke, Esq.	-	Public Arbitrator, Presiding Chairperson
Marvin L. Szymkowicz, Esq.	-	Public Arbitrator, Panelist
Henry H. Hopkins, Esq.	-	Non-Public Arbitrator, Panelist

NASD Dispute Resolution  
Arbitration No. 03-06282  
Award Page 5

Concurring Arbitrators' Signatures

  
Michael J. Henke, Esq.  
Public Arbitrator, Presiding Chairperson

9-28-04  
Signature Date

Marvin L. Szymkowicz, Esq.  
Public Arbitrator, Panelist

Signature Date

Henry H. Hopkins, Esq.  
Non-Public Arbitrator, Panelist

Signature Date

9/30/04

Date of Service (For NASD Dispute Resolution office use only)

09/28/2004 11:55 FAX 202 728 8682

NASD DISPUTE RESOLUTION

006/006

NASD Dispute Resolution  
Arbitration No. 03-06282  
Award Page 5

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\_\_\_\_\_  
Michael J. Henke, Esq.  
Public Arbitrator, Presiding Chairperson

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Signature Date

Marvin L. Szymkowicz  
Marvin L. Szymkowicz, Esq.  
Public Arbitrator, Panelist

9/28/04  
Signature Date

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Public Arbitrator, Presiding Chairperson

Signature Date

Marvin L. Szymkowicz, Esq.  
Public Arbitrator, Panelist

Signature Date

  
Henry H. Hopkins, Esq.  
Non-Public Arbitrator, Panelist

9-25-04  
Signature Date

9/30/04  
Date of Service (For NASD Dispute Resolution office use only)