

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Spelman & Company, Inc.

and

Case Number: 04-00133
Hearing Site: Southfield, Michigan

Respondent

James A. Parrelly

NATURE OF DISPUTE

Member v. Associated Person

REPRESENTATION OF PARTIES

Spelman & Company, Inc. ("Claimant") was represented by John Fahey, Esq., SunAmerica Securities, Phoenix, Arizona.

James A. Parrelly ("Respondent") was represented by Mark L. Silverman, Esq., Mark L. Silverman, M.D., J.D., P.C., Birmingham, Michigan.

CASE INFORMATION

The Statement of Claim was filed on or about January 9, 2004. The Submission Agreement of Spelman & Company, Inc. was signed on or about December 30, 2003.

The Statement of Answer, Motion for a Change of Location, and First Motion to Dismiss Arbitration was filed by James A. Parrelly on or about March 24, 2004. The Submission Agreement of James A. Parrelly was signed on or about March 22, 2004.

Claimant filed a Response to Respondent's First Motion to Dismiss and to Change Venue on or about May 3, 2004.

CASE SUMMARY

Claimant asserted that Respondent breached the terms of a written contract. Claimant asserted that Respondent accepted money in the form of a forgivable loan and did not pay the balance due under the promissory note after he voluntarily terminated his affiliation with Claimant.

Unless specifically admitted in his Answer, Respondent denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimant requested an award in the amount of \$132,000.00 plus interest, attorneys' fees, and all other costs associated with this arbitration.

Respondent requested that the claims asserted against him be dismissed and that he be awarded costs, attorneys' fees, sanctions and other relief the panel deemed appropriate.

OTHER ISSUES CONSIDERED & DECIDED

Pursuant to the NASD Code of Arbitration Procedure, NASD granted Respondent's Motion to Change Hearing Location from Phoenix, Arizona, to Detroit, Michigan on or about May 21, 2004.

The Panel denied Respondent's Motion to Dismiss at the hearing.

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 NASD Dispute Resolution ("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.) Respondent, James A. Parrelly, is liable for and shall pay to Claimant, Spelman & Company, Inc., the sum of \$132,000.00 in damages;
- 2.) The amount noted in paragraph one above is to be reduced by \$66,000.00 pursuant to the panel's finding that Claimant, Spelman & Company, Inc., is liable for and shall pay to Respondent, James A. Parrelly, the sum of \$66,000.00 in sanctions for failure to cooperate in the exchange of discovery;
- 3.) After set-off, Respondent, James A. Parrelly, is liable for and shall pay to Claimant, Spelman & Company, Inc., the sum of \$66,000.00 in damages;
- 4.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 5.) Any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied 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 = \$ 1,000.00

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. In this matter, the member firm is Spelman & Company, Inc.

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00

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:

One (1) Pre-hearing session with Panel x \$1,125.00	= \$ 1,125.00
Pre-hearing conference: September 10, 2004 1 session	
Two (2) Hearing sessions x \$1,125.00	= \$ 2,250.00
Hearing Date: February 3, 2005 2 sessions	
Total Forum Fees	= \$ 3,375.00

The Arbitration Panel has assessed \$3,375.00 of the forum fees to Spelman & Company, Inc.

Fee Summary

Claimant, Spelman & Company, Inc., is liable for:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 3,375.00
Total Fees	= \$ 9,575.00
Less payments	= \$ 7,325.00
Balance Due NASD Dispute Resolution	= \$ 2,250.00

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

ARBITRATION PANEL

John A. Hubbard, Esq. - Non-Public Arbitrator, Presiding Chair
Bruce F. Coleman - Non-Public Arbitrator
Howard Mark Klausmeier, Esq. - Non-Public Arbitrator

Concurring Arbitrators:

/s/ John A. Hubbard, Esq.
John A. Hubbard, Esq.
Non-Public Arbitrator, Presiding Chair

02/04/05
Signature Date

Bruce F. Coleman
Non-Public Arbitrator

Signature Date

/s/ Howard Mark Klausmeier, Esq.
Howard Mark Klausmeier, Esq.
Non-Public Arbitrator

02/04/05
Signature Date

02/04/05
Date of Service (For NASD office use only)


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John A. Hubbard, Esq.
Non-Public Arbitrator, Presiding Chair



Bruce F. Coleman
Non-Public Arbitrator

Signature Date

2/7/05

Signature Date

Howard Mark Klausmeier, Esq.
Non-Public Arbitrator

Signature Date

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Non-Public Arbitrator, Presiding Chair

Signature Date

Bruce F. Coleman
Non-Public Arbitrator

Signature Date



Howard Mark Klausmeier, Esq.
Non-Public Arbitrator

2-4-05

Signature Date

Date of Service (For NASD office use only)


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