

---

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

---

In the Matter of the Arbitration Between:

Names of the Claimants

John C. Holschuh  
Jane C. Holschuh

Case Number: 04-03119

Names of the Respondents

Harrison Securities, Inc.  
George Grafas  
Frederick C. Blumer  
Nebrissa Song  
Joseph A. Carannante  
Alan Lax

Hearing Site: Baltimore, Maryland

---

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

**REPRESENTATION OF PARTIES**

For John C. Holschuh and Jane C. Holschuh, hereinafter collectively referred to as "Claimants": Thomas C. Costello, Esq., West & Moore, LLC, Baltimore, Maryland.

For Respondent Harrison Securities, Inc. ("HSI"): Michael Utila, Esq., Utila & Associates, Brooklyn, New York, until his withdrawal on or about January 20, 2006. Thereafter, Respondent HSI did not appear.

Respondents Joseph A. Carannante ("Carannante") and Alan Lax ("Lax"), appeared pro se.

Respondent Frederick C. Blumer ("Blumer"), did not appear.

For Respondent Nebrissa Song ("Song"): Marc S. Gottlieb, Esq., Law Offices of Marc. S. Gottlieb, New York, New York.

For Respondent George Grafas ("Grafas"): Michael P. Gilmore, Esq., Sims Morse Kline & Davis, LLP, Mineola, New York, until on or about April 28, 2006. Thereafter, Respondent Grafas appeared pro se.

**CASE INFORMATION**

Statement of Claim filed on or about: April 29, 2004.

Claimants signed the Uniform Submission Agreement: April 22, 2004.

Statement of Answer filed by Respondent HSI on or about: July 31, 2004.

Statement of Answer filed by Respondent Grafas on or about: June 9, 2005.

Statement of Answer and Motion to Dismiss filed by Respondent Song on or about: August 17, 2005.  
Respondents Blumer, Carannante and Lax did not file Statements of Answers.  
Respondent Song signed, but did not date, the Uniform Submission Agreement.  
Respondents HSI, Blumer, Carannante, Grafas and Lax did not file signed Uniform Submission Agreements.  
Motion to File First Amended Statement of Claim filed by Claimants on or about: February 8, 2005.  
First Amended Statement of Claim filed by Claimants on or about: February 8, 2005.  
Motion for Sanctions against Respondents Blumer and Song filed by Claimants on or about: April 21, 2006.

### **CASE SUMMARY**

Claimants asserted the following causes of action, as amended: 1) actual fraud; 2) constructive fraud; 3) breach of contract; 4) negligence; 5) violation of the Maryland Securities Act; and, 6) negligent supervision. The causes of action relate to the purchase of various unspecified securities in Claimants' account.

Unless specifically admitted in their Answers, Respondents HSI, Song and Grafas denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

Claimants requested an unspecified amount of compensatory damages, interest, attorney's fees, costs, punitive damages and such other and further relief as justice may require.

Respondent HSI requested that the Statement of Claim be denied in its entirety.

Respondent Grafas requested that the Statement of Claim be dismissed in its entirety, that all forum and other fees be assessed against Claimants and an award of costs. In addition, Respondent Grafas requested that the Panel enter an order expunging this matter from his NASD Central Registration Depository (the "CRD") record.

Respondent Song requested that the Statement of Claim be dismissed, that all forum and other fees be assessed against Claimants and an award of costs. In addition, Respondent Song requested that the Panel enter an order expunging this matter from her NASD CRD record.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Upon review of the file and the representations made by/on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Respondent Blumer had been properly served with the Statement of Claim and Amended Statement of Claim and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Upon review of the file and the representations made by/on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Respondent HSI had been properly served with the Statement of Claim and Amended Statement of Claim, answered the Statement of Claim and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Claimants opted to proceed against Respondent Blumer for default pursuant to Rule 10314(e) of the Code. The Panel determined that Respondent Blumer was properly served notice of the Statement of Claim and Notification of the Arbitrator by certified mail, and that said Respondent is required to submit to arbitration pursuant to the Code and is bound by the determination of the Arbitrator on all issues submitted.

Respondents HSI, Blumer, Carannante and Lax did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

On or about March 15, 2005, the Panel issued an Order that granted Claimants' Motion to Amend the Statement of Claim.

On or about July 11, 2005, Claimants filed with NASD Dispute Resolution a Notice of Dismissal, without prejudice, of Respondents Lax and Carannante.

On or about April 28, 2006, Claimants filed with NASD Dispute Resolution a Notice of Dismissal of their claims against Respondent Grafas.

On or about October 10, 2006, Claimants withdrew their Motion for Sanctions against Respondent Song only.

On or about November 30, 2006, Respondent Grafas filed with NASD Dispute Resolution a request for expungement of his NASD CRD record.

On or about December 4, 2006, Claimants notified NASD Dispute Resolution that they were dismissing their claims against Respondent Song.

On or about December 5, 2006, the Panel issued an Order that denied Respondent Grafas' request for expungement of his NASD CRD record.

Claimants' Motion for Sanctions against Respondent Blumer was not ruled on and deemed moot by the Panel.

On December 5, 2006, an evidentiary hearing was held for this matter. Subsequently, on January 11, 2007, the Panel deliberated and determined the final outcome of the claims against the remaining Respondents, HSI and Blumer, and Respondent Song's request for expungement of her NASD CRD record.

The parties have agreed that the Award in this matter may be entered in counterpart copies or that a signed handwritten Award may be entered.

### **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:

Respondents HSI and Blumer are found not liable and all Claimants' claims are denied in their entirety as to said Respondents.

Respondent Grafas' request for expungement of his NASD CRD record is denied.

Pursuant to NASD Rule 2130, the Panel makes the affirmative finding that Respondent Song was not involved in the alleged sales-practice violation and therefore, the Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Song's registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notices to Members 04-16, Respondent Song must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Any and all claims for relief not specifically addressed herein, including Claimants' requests for attorney's fees and punitive damages, are 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	= \$ 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 person at the time of the events giving rise to the dispute. Accordingly, Respondent HSI is a party to this dispute and was a member of NASD at the time the following fees were assessed:

Member surcharge	= \$ 1,500.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$ 2,200.00</u>
Total Member Fees	= \$ 4,450.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

The following adjournment fees are assessed:

March 21 – 25, 2005, adjournment requested by Claimants = \$1,000.00

The Panel has assessed the total adjournment fee of \$1,000.00 to Respondent HSI.

**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:

Cancellation fees were assessed in this matter.

May 9 – 12, 2006, adjournment by Claimants = \$ 300.00

The Panel has assessed the total cancellation fee of \$300.00 jointly and severally to Claimants.

**Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

No injunctive relief fees were incurred during this proceeding.

**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 the Panel @ \$1,000.00/session = \$1,000.00

Pre-hearing conference: October 6, 2004 1 session

One (1) Hearing session with the Panel @ \$1,000.00/session = \$1,000.00

Hearing Date: December 5, 2006 1 session

---

Total Forum Fees = \$2,000.00

The Panel has assessed \$1,000.00 of the forum fees jointly and severally to Claimants.

The Panel has assessed \$1,000.00 of the forum fees jointly and severally to Respondents HSI and Blumer.

**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.

No administrative costs were incurred during this proceeding.

**Fee Summary**

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 250.00
Cancellation Fee	= \$ 300.00
Forum Fees	= \$ 1,000.00
Total Fees	= \$ 1,550.00
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 125.00

Respondent HSI is solely liable for:

Member Fees	= \$ 4,450.00
Adjournment Fee	= \$ 1,000.00
Total Fees	= \$ 5,450.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 5,450.00

Respondents HSI and Blumer are jointly and severally liable for:

Forum Fees	= \$ 1,000.00
Total Fees	= \$ 1,000.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,000.00

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

**ARBITRATION PANEL**

Charles A. Cade	-	Public Arbitrator, Presiding Chairperson
Arthur L. Freeman	-	Public Arbitrator
Francis Paul Galletti	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

/s/  
Charles A. Cade  
Public Arbitrator, Presiding Chairperson

1/12/07  
Signature Date

/s/  
Arthur L. Freeman  
Public Arbitrator

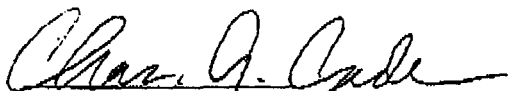
1/12/07  
Signature Date

/s/  
Francis Paul Galletti  
Non-Public Arbitrator

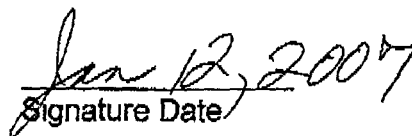
1/12/07  
Signature Date

1/16/07  
Date of Service (For NASD Dispute Resolution office use only)

**Concurring Arbitrators' Signatures**



Charles A. Cade  
Public Arbitrator, Presiding Chairperson

  
Signature Date

\_\_\_\_\_  
Arthur L. Freeman  
Public Arbitrator

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

\_\_\_\_\_  
Francis Paul Galletti  
Non-Public Arbitrator

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

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



Concurring Arbitrators' Signatures

\_\_\_\_\_  
Charles A. Cade  
Public Arbitrator, Presiding Chairperson

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

Arthur L. Freeman  
Arthur L. Freeman  
Public Arbitrator

1-12-07  
Signature Date

\_\_\_\_\_  
Francis Paul Galletti  
Non-Public Arbitrator

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

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


**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Charles A. Cade  
Public Arbitrator, Presiding Chairperson

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

\_\_\_\_\_  
Arthur L. Freeman  
Public Arbitrator

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

  
\_\_\_\_\_  
Francis Paul Galletti  
Non-Public Arbitrator

1/12/2007  
\_\_\_\_\_  
Signature Date

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