

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

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In the Matter of the Arbitration Between:

Names of the Claimants

Jeffrey DuBowy  
Martin Rebhun

Case Number: 05-00473

Names of the Respondents

Three Rivers Trading, LLC  
Glenn S. Lorantas

Hearing Site: Philadelphia, Pennsylvania

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Nature of the Dispute: Associated Persons vs. Non-Member with a Contract to Arbitrate and Associated Person.

**REPRESENTATION OF PARTIES**

Claimants, Jeffrey DuBowy ("DuBowy") and Martin Rebhun ("Rebhun"), hereinafter collectively referred to as "Claimants", represented themselves at the hearing.

Respondents, Three Rivers Trading, LLC ("Three Rivers") and Glenn S. Lorantas ("Lorantas"), hereinafter collectively referred to as "Respondents", were represented by James P. Donohue, Jr., Esq., Gilbride, Tusa, Last & Spellane, LLC, New York, New York.

**CASE INFORMATION**

Statement of Claim filed on January 28, 2005.

Claimants signed the Uniform Submission Agreement on January 26, 2005.

Response to the Statement of Claim and Counterclaim filed by Respondents on March 28, 2005.

Glenn S. Lorantas signed the Uniform Submission Agreements on behalf of himself and Respondent Three Rivers on April 5, 2005.

Claimants filed a Response to Respondents' Counterclaim on April 27, 2005.

Claimants filed a Motion to Bar Respondents from Presenting Defenses Not Specifically Contained in Their Response on June 3, 2005.

Respondents filed a Response to Claimants' Motion to Bar on June 10, 2005.

**CASE SUMMARY**

Claimants, in their Statement of Claim asserted the following causes of action, among others: breach of contract, breach of Operating Agreement and breach of fiduciary duties. The causes of action relate to the alleged ceasing of distribution of money on the percentage basis as dictated by the Operating Agreement and the alleged expenditure of funds on items not related to the business.

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

Respondents, in their Counterclaim, asserted the following causes of action, among others: fraudulent practices, failure to disclose, bad faith, and diversion of funds. The causes of action relate to the alleged violation of an Operating Agreement.

Unless specifically admitted in their response to Respondents' counterclaim, Claimants denied the allegations made in the Counterclaim.

### **RELIEF REQUESTED**

Claimants in their Statement of Claim requested:

Compensatory Damages	\$ 54,000.00
Punitive Damages	\$ 108,000.00
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Claimants also requested that Respondents provide a full accounting of Respondent Three Rivers' books and records since the company's inception.

Respondents in their Statement of Answer and Counterclaim requested:

Compensatory Damages	amount unspecified
Punitive Damages	amount unspecified
Attorneys' Fees	amount unspecified

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

The Arbitration Panel (the "Panel") denied Claimants' Motion to Bar by Order dated June 29, 2005.

At the hearing on the merits, Claimants made a Motion for Sanctions based on the failure to appear of a witness. This Motion was withdrawn by the Claimants.

At the hearing on the merits, Claimants made a Motion for Sanctions for failure to produce documents on a timely basis. This Motion was denied by the Panel 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.

### **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. Respondents Three Rivers and Lorantas are jointly and severally liable to and shall pay to Claimant DuBoway compensatory damages in the amount of \$ 34,075.00;
2. Respondents Three Rivers and Lorantas are jointly and severally liable to and shall pay to

Claimant Rebhun compensatory damages of \$ 34,075.00;

3. Respondents' Counterclaims are denied in their entirety;
4. All claims for punitive damages and attorneys' fees are denied in their entirety;
5. The parties shall bear their respective costs, except as Fees are specifically addressed below; and -
6. Any and all relief not specifically addressed herein is denied in its entirety.

### **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
Counter claim filing fee	= \$ 500.00

#### **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, Respondent Three Rivers Trading, LLC is a member of the Philadelphia Stock Exchange and is subject to the NASD Code of Arbitration Procedure as if it were a member of the NASD. Thus, Respondent Three Rivers Trading, LLC is assessed Member Fees.

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00
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 a single arbitrator @ \$ 450.00	= \$ 450.00
Pre-hearing conference: August 18, 2005 1 session	
Two (2) Pre-hearing sessions with Panel @ \$ 1,125.00	= \$ 2,250.00
Pre-hearing conferences: June 14, 2005 1 session	
July 6, 2005 1 session	
Eleven (11) Hearing sessions @ \$ 1,125.00	= \$ 12,375.00

Hearing Dates:	September 19, 2005	2 sessions
	September 20, 2005	2 sessions
	September 21, 2005	2 sessions
	September 22, 2005	2 sessions
	October 26, 2005	2 sessions
	October 27, 2005	1 session

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Total Forum Fees	= \$ 15,075.00
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1. The Panel has assessed \$ 7,537.50 of the forum fees jointly and severally to Claimants.
2. The Panel has assessed \$ 7,537.50 of the forum fees jointly and severally to 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.

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|---|-------------|
| 1. Claimants requested tape duplication   | = \$ 300.00 |
| 2. Respondents requested tape duplication | = \$ 300.00 |

#### FEE SUMMARY

Claimants are jointly and severally assessed and shall pay:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 7,537.50
<u>Administrative Costs</u>	<u>= \$ 300.00</u>
Total Fees	= \$ 8,137.50
<u>Less payments</u>	<u>= \$ 1,425.00</u>
Balance Due NASD Dispute Resolution	= \$ 6,712.50

Respondent, Three Rivers, is assessed and shall pay:

<u>Member Fees</u>	<u>= \$ 5,200.00</u>
Total Fees	= \$ 5,200.00
<u>Less payments</u>	<u>= \$ 5,200.00</u>
Balance Due NASD Dispute Resolution	= \$ 00.00

Respondents are jointly and severally assessed and shall pay:

Filing Fee	= \$ 500.00
Forum Fees	= \$ 7,537.50
<u>Administrative Costs</u>	<u>= \$ 300.00</u>
Total Fees	= \$ 8,337.50
<u>Less payments</u>	<u>= \$ 1,250.00</u>
Balance Due NASD Dispute Resolution	= \$ 7,087.50

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule

10330(g) of the Code.

**ARBITRATION PANEL**

Paul Ribner, Esq.

Faye R. Cohen, Esq.

Catherine S. Kopley, Esq.

- Public Arbitrator, Presiding Chairperson
- Public Arbitrator, Panelist
- Non-Public Arbitrator, Panelist

**Concurring Architects' Signatures**

Paul Ribner, Esq.  
Public Arbitrator, Presiding Chairperson

Signature Date

Faye R. Cohen, Esq.  
Public Arbitrator, Panelist

**Signature Date**

**Catherine S. Kopley, Esq.**  
Non-Public Arbitrator; Panelist

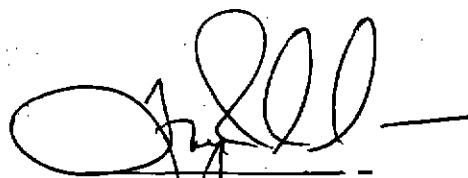
Signature Date

November 10, 2005  
Date of Service (For NASD Dispute Resolution office use only)

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Paul Ribner, Esq.  
Public Arbitrator, Presiding Chairperson

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

  
\_\_\_\_\_  
Faye R. Cohen, Esq.  
Public Arbitrator, Panelist

November 2, 2005  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Catherine S. Kopley Esq.  
Non-Public Arbitrator, Panelist

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

November 10, 2005  
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**Concurring Arbitrators' Signatures**

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Paul Ribner, Esq.  
Public Arbitrator, Presiding Chairperson

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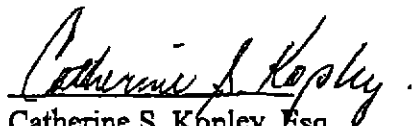
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Faye R. Cohen, Esq.  
Public Arbitrator, Panelist

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Signature Date

  
Catherine S. Kopley, Esq.  
Non-Public Arbitrator, Panelist

  
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