

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Andrew Garrett, Inc. (Claimant) v. John Michael Rago (Respondent)

Case Number: 06-00648

Hearing Site: New York, New York

Nature of the Dispute: Member v. Associated Person.

REPRESENTATION OF PARTIES

Claimant Andrew Garrett, Inc. ("Garrett") hereinafter referred to as "Claimant": Revan R. Schwartz, Esq., Andrew Garrett, Inc., New York, NY.

Respondent John Michael Rago ("Rago") hereinafter referred to as "Respondent": Michael C. Farkas, Esq., Farkas & Sack, LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: February 9, 2006.

Response to Counterclaim filed on or about: May 2, 2006.

Claimant signed the Uniform Submission Agreement: February 6, 2006.

Statement of Answer and Counterclaim filed by Respondent on or about: April 24, 2006.

Respondent signed the Uniform Submission Agreement: April 24, 2006.

CASE SUMMARY

Claimant asserted the following cause of action: breach of promissory note.

Unless specifically admitted in his Answer, Respondent denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various affirmative defenses.

In his Counterclaim, Respondent asserted the following causes of action: libel/tortious interference, conversion, and defamation.

Unless specifically admitted in its Answer, Claimant denied the allegations made in the Counterclaim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$9,339.27, costs, filing and forum fees, and pre-judgment and post-judgment interest.

Respondent requested dismissal of the Statement of Claim in its entirety.

Respondent requested compensatory damages in the amount of \$49,500.00, punitive damages, attorneys' fees, costs, and expungement of defamatory language from his Form U-5.

Claimant requested that the Counterclaim be dismissed in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

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

AWARD

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. The Parties have entered into a confidential settlement agreement.
2. The Panel recommends the expungement of the words, "utilized proprietary email and computer systems for solicitation of sexual activities" from Respondent John M. Rago's Form U-5, Uniform Termination Notice for Securities Industry Registration, item number 3 (Reason for Termination) based on the defamatory nature of the information, and the expungement of all reference to the above captioned arbitration from Respondent John M. Rago's registration records maintained by the NASD Central Registration Depository ("CRD").
3. Any and all relief not specifically addressed herein, including punitive damages, 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	= \$ 500.00
Counterclaim filing fee	= \$ 175.00

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 persons at the time of the events giving rise to the dispute. In this matter Andrew Garrett, Inc. is a party.

Member Surcharge	= \$ 325.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 1,000.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing 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. Forum fees associated with these proceedings are:

One (1) Pre-hearing conference with a single arbitrator @ \$ 450.00	= \$ 450.00
Pre-hearing conference: September 25, 2006	1 session
Two (2) Pre-hearing conferences with the Panel @ \$600.00	= \$ 1,200.00
Pre-hearing conferences: June 26, 2006	1 session
August 23, 2006	1 session
Total Forum Fees	= \$ 1,650.00

1. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Claimant has been assessed \$ 825.00 of the forum fees.
2. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Respondent has been assessed \$ 825.00 of the forum fees.

FEE SUMMARY

1. Claimant is solely liable for:

Filing Fees	= \$ 500.00
Member Fees	= \$ 2,075.00
Forum Fees	= \$ 825.00
Total Fees	= \$ 3,400.00
Less payments	= \$ 2,825.00
Balance Due NASD Dispute Resolution	= \$ 575.00

2. Respondent is solely liable for:

Counterclaim Filing Fees	= \$ 175.00
Forum Fees	= \$ 825.00
Total Fees	= \$ 1,000.00
Less Payments	= \$ 775.00
Balance Due NASD Dispute Resolution	= \$ 225.00

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

ARBITRATION PANEL

Edwin H. Nordlinger, Esq.	-	Public Arbitrator, Presiding Chairperson
Stanley M. Ulanoff	-	Public Arbitrator
Barry R. Lax, Esq.	-	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 which is my award.

Edwin H. Nordlinger

Edwin H. Nordlinger, Esq.
Public Arbitrator, Presiding Chairperson

1 / 6 / 07

Signature Date

Stanley M. Ulanoff
Public Arbitrator

Signature Date

Barry R. Lax, Esq.
Public Arbitrator

Signature Date

January 11, 2007

Date of Service (For NASD office use only)

ARBITRATION PANEL

Edwin H. Nordlinger, Esq.	-	Public Arbitrator, Presiding Chairperson
Stanley M. Ulanoff	-	Public Arbitrator
Barry R. Lax, Esq.	-	Non-Public Arbitrator

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Edwin H. Nordlinger, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Stanley M. Ulanoff
Stanley M. Ulanoff
Public Arbitrator

Jan 8, 07
Signature Date

Barry R. Lax, Esq.
Public Arbitrator

Signature Date

January 11, 2007
Date of Service (For NASD office use only)

ARBITRATION PANEL

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Stanley M. Ulanoff	-	Public Arbitrator
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Edwin H. Nordlinger, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Stanley M. Ulanoff
Public Arbitrator

Signature Date



Barry R. Lax, Esq.
Public Arbitrator

1/5/07

Signature Date

January 11, 2007
Date of Service (For NASD office use only)