

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Eduardo Mariano and Bernice Mariano, Claimants v. Stipek Securities, LLC and Leslie C. Stipek, Respondents

Case Number: 06-01073

Hearing Site: Los Angeles, California

Nature of the Dispute: Customers v. Member and Associated Person

REPRESENTATION OF PARTIES

For Claimants:

Steven L. Miller, Esq.
Law Offices of Steven L. Miller
Encino, California

For Respondents Stipek Securities, LLC
and Leslie C. Stipek:

See Other Issues

CASE INFORMATION

Statement of Claim filed: February 27, 2006

Claimant Eduardo Mariano's Uniform Submission Agreement signed:
February 27, 2006

Claimant Bernice Mariano's Uniform Submission Agreement signed:
February 27, 2006

Joint Statement of Answer filed by Respondents Stipek Securities, LLC and Leslie C.
Stipek: April 25, 2006

Joint Motion to Dismiss filed by Respondents Stipek Securities, LLC and Leslie C.
Stipek: April 25, 2006

Respondent Stipek Securities, LLC's Uniform Submission Agreement signed:
March 17, 2006

CASE SUMMARY

Claimants alleged breach of fiduciary duty, unsuitability, fraud, misrepresentation, negligence, elder abuse, unfair and deceptive practices against senior citizens, loss of investment opportunity, violation of federal and state securities laws, violation of NASD rules, and failure to supervise. Claimants' allegations involved investments in limited partnership shares of RHI, Resort Hotels, and Nextar timeshare units.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested \$531,000.00 in compensatory damages, disgorgement of fees and commissions. Benefit of the bargain associated with safety of principal and interest represented, or reasonable rate of return had the sums invested by Claimants been invested in securities suitable for the Claimants, pre-Award interest at the rate of 10% per annum, punitive damages, and costs, including attorney's fees.

Respondents requested dismissal of Claimants' Statement of Claim in its entirety, costs, and the expungement of all reference to the above-captioned arbitration from Respondent Leslie C. Stipek's registration records maintained by the NASD Central Registration Depository.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents were originally represented by Robert J. McKennon, Esq. and Jenny H. Wong, Esq., of Barger & Wolen LLP, Irvine, California. Counsel withdrew their representation on June 1, 2006 and Respondents were then in propria persona.

On October 23, 2006 Respondent Leslie C. Stipek filed Chapter 11 Bankruptcy Proceedings. Accordingly, this matter is stayed as to Respondent Leslie C. Stipek.

Respondent Stipek Securities, LLC did not appear at the hearing. The Panel determined that Respondent was properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the Code.

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

After considering the pleadings, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondent Stipek Securities, LLC is liable to and shall pay Claimant Eduardo Mariano the sum of \$608,000.00 in compensatory damages and pre-award interest.
- 2) Respondent Stipek Securities, LLC is liable to and shall pay Claimant Bernice Mariano the sum of \$45,000.00 in compensatory damages and pre-award interest.
- 3) This Award shall bear interest at the rate of 10% per annum simple interest on any balance that remains unpaid thirty (30) days after receipt hereof, unless a motion to vacate has been filed with a court of competent jurisdiction. If this award is the subject of a motion to vacate that is subsequently denied, this award shall bear interest at the rate of 10% per annum simple interest on any balance that remains unpaid from date of the court's order denying said motion to vacate.
- 4) The parties shall bear their respective costs, including attorney's fees.
- 5) All other relief requested and not expressly granted, including Claimants' request for punitive damages, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 375.00
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Member Fee

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Stipek Securities, LLC is a party and the following fees are assessed:

Member Surcharge	= \$2,250.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$4,000.00
Total Member Fees	= \$7,000.00

Adjournment Fees

The following adjournment fees are assessed:

October 10, 2006 adjournment requested by Claimants	= \$1,200.00
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The Panel assessed the \$1,200.00 postponement fee jointly and severally to Claimants Eduardo Mariano and Bernice Mariano.

Forum Fees and Assessments

The Panel assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing conference sessions with the Panel @ \$1,200.00/session		= \$2,400.00
Pre-hearing conference:	September 18, 2006	1 session
	October 10, 2006	1 session
One (1) Hearing session @ \$1,200.00/session		= \$1,200.00
Hearing:	December 10, 2006	1 session
Total Forum Fees		= \$3,600.00

The Panel assessed the entire balance of the forum fees, in the amount of \$3,600.00, to Respondent Stipek Securities, LLC.

Fee Summary

1. Claimants Eduardo Mariano and Bernice Mariano are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 375.00
<u>Adjournment Fee</u>	<u>= \$ 1,200.00</u>
Total Fees	= \$ 1,575.00
<u>Less payments</u>	<u>= \$ (1,575.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

2. Respondent Stipek Securities, LLC is charged with the following fees and costs:

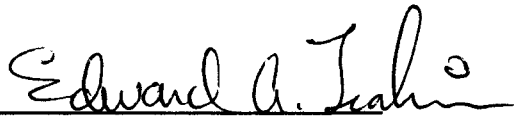
Member Fees	= \$ 7,000.00
<u>Forum Fees</u>	<u>= \$ 3,600.00</u>
Total Fees	= \$10,600.00
<u>Less payments</u>	<u>= \$ (0.00)</u>
Balance Due NASD Dispute Resolution	= \$10,600.00

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

ARBITRATION PANEL

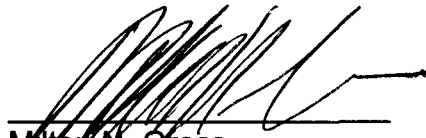
Edward A. Trabin, Esq.	-	Public Arbitrator, Presiding Chair
Milton N. Gross	-	Public Arbitrator
James M. Goldberg	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



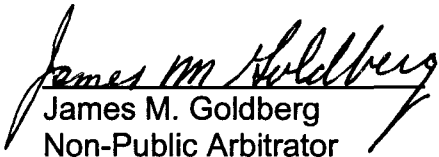
Edward A. Trabin, Esq.
Chair, Public Arbitrator

12/11/06
Signature Date



Milton N. Gross
Public Arbitrator

12/11/06
Signature Date



James M. Goldberg
Non-Public Arbitrator

12/11/06
Signature Date

12/11/06
Date of Service