

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Alexander Chetcuti, Kenneth Lerg, Michael Chetcuti, et. al., Claimants vs. Gary Callas, G.R. Stuart & Company, Inc., et. al, Respondents.

Case Number: 96-5126

Hearing Site: Detroit, Michigan

REPRESENTATION OF PARTIES

Claimants, Alexander Chetcuti, Kenneth Lerg, Michael Chetcuti, and Evelyn Chetcuti Living Trust, hereinafter collectively referred to as "Claimant(s)": Charles E. Murphy, Esq., Cox Hodgman & Giamarco, Troy, Michigan.

Respondent, Gary Callas ("Callas"): Karen Gould, Esq., Hertz, Schram & Saretsky, Bloomfield Hills, Michigan.

Respondent Stephen A. Williamson, ("Williamson") : Eric S. Richards, Esq., Mika, Meyers, Becket & Jones, PLC, Grand Rapids, Michigan.

Respondent G.R. Stuart & Co., Inc, ("GRS ") and Respondent Greg R. Stuart ("Stuart"): Joseph P. Carmichael, Esq., Salem, Massachusetts.

Respondent Richard Conant Payson, ("Payson"): Douglas W. Salvesen, Esq., Yurko & Perry, Boston, Massachusetts.

Respondent Richard Scafidi ("Scafidi") did not appear at hearing.

Respondent Steven Edward Murra ("Murra") did not appear at hearing.

Respondent Louis G. Oleari ("Oleari") did not appear at hearing.

Respondent Financial Services Network, Inc. ("Financial") did not appear at hearing.

Respondent Mark McCloskey, ("McCloskey"): Mark Roth, Esq., Seattle, Washington.

CASE INFORMATION

Statement of Claim filed on or about: November 18, 1996

Addendum to Statement of Claim filed on: July 21, 1998

Claimant Alexander Chetcuti signed the Uniform Submission Agreement: December 23, 1996
Claimant Kenneth Lerg signed the Uniform Submission Agreement: December 23, 1996
Claimant Michael Chetcuti signed the Uniform Submission Agreement: December 23, 1996
Claimant Evelyn Chetcuti Living Trust's Uniform Submission Agreement: January 6, 1997
Preliminary Answer filed by Respondent Callas on or about: June 3, 1997
Statement of Answer filed by Respondent Callas on or about: September 24, 1998
Statement of Answer filed by Respondent Williamson on or about: October 30, 1998
Answer to Addendum to Statement of Claim filed by Respondent Williamson on or about
October 30, 1998
Statement of Answer filed by Respondent McCloskey on or about: October 15, 1998
Statement of Answer filed by Respondents Stuart and GRS on or about: September 20, 1999
Motion to Deny Eligibility filed by Respondents Stuart and GRS on or about: August 10, 1998
Motion to Dismiss filed by Respondent Williamson on or about: October 30, 1998
Motion to Dismiss filed by Respondent McCloskey on or about: October 15, 1998
Motion to Dismiss filed by Respondent Scafidi on or about: September 29, 1998
Motion for Leave to Amend Answer and Add Cross-Claims filed by Respondent Callas on or
about December 17, 1998
Motion to Bar Respondent Callas from Presenting Supervisory Defenses Relating to Donald
Leonard filed on or about: May 22, 1999

CASE SUMMARY

Claimants asserted the following causes of action: Violation of the Securities and Exchange Act of 1934; Section 10(b) and Rule 10b-5; violation of the Michigan Uniform Securities Act; breach of fiduciary duty; liability of principal of master for acts of its agents or servants; fraud; innocent misrepresentation; churning; violation of the Securities act of 1933; unsuitability. The causes of action relate to the trading of options.

Unless specifically admitted in its Answer, Respondent Callas denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a claim upon which relief can be granted; Claimant's claims are barred by all applicable statutes of limitations; authorization/ratification; claims are barred by doctrines of waiver, estoppel, and/or laches; Callas acted in good faith at all times; Callas' alleged conduct was not the proximate cause of any alleged injury; any losses are attributable to market conditions and not Callas.

Unless specifically admitted in its Answer, Respondent Williamson denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a claim upon which relief can be granted; Claimant's claims are barred by all applicable statutes of limitations; jurisdiction; Claimants are not entitled to an accounting or any other equitable relief; doctrine of

laches; improper venue.

Unless specifically admitted in its Answer, Respondents Stuart & GRS denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a claim upon which relief can be granted; Claimant's claims are barred by all applicable statutes of limitations; jurisdiction; Claimants are not entitled to an accounting or any other equitable relief; doctrine of laches; authorization/ratification; negligence, comparative negligence and/or contributory negligence; Respondents' acted in good faith at all times. Respondent GRS alleged that it was defunct.

Unless specifically admitted in its Answer, Respondent McCloskey denied the allegations made in the Statement of Claim and asserted the following defenses: authorization/ratification; any losses are attributable to market conditions and not McCloskey; failure to state a claim upon which relief can be granted; Claimants' were contributorily or comparatively negligent, and such negligence was the sole cause or contributing cause of their losses; Claimant's claims are barred by all applicable statutes of limitations; estoppel.

Respondent Scafidi alleged that Respondent Financial Securities Network, Inc. filed a form BDW in 1993.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$ 579,000.00
Punitive Damages	\$ unspecified
Interest	\$ unspecified
Attorneys' Fees	\$ unspecified
Other Costs	\$ unspecified
Other Monetary/Non-Monetary Relief if any:	unspecified reasonable rate of return, accounting, other unspecified

Respondents Callas requested:

Compensatory Damages	\$0
Punitive Damages	\$0
Interest	\$0
Attorneys' Fees	\$0
Other Costs	\$0
Other Monetary/Non-Monetary Relief if any:	dismissal

Respondents Williamson requested:

Compensatory Damages	\$0
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Punitive Damages	\$0
Interest	\$0
Attorneys' Fees	\$0
Other Costs	\$0
Other Monetary/Non-Monetary Relief if any:	Dismissal

Respondents Greg Stuart & GRS, requested:

Compensatory Damages	\$0
Punitive Damages	\$0
Interest	\$0
Attorneys' Fees	\$0
Other Costs	\$0
Other Monetary/Non-Monetary Relief if any:	none

Respondent Williamson requested:

Compensatory Damages	\$0
Punitive Damages	\$0
Interest	\$0
Attorneys' Fees	\$0
Other Costs	\$0
Other Monetary/Non-Monetary Relief if any:	Dismissal

Respondent McCloskey requested:

Compensatory Damages	\$0
Punitive Damages	\$0
Interest	\$0
Attorneys' Fees	\$unspecified
Other Costs	\$unspecified
Other Monetary/Non-Monetary Relief if any:	Dismissal

OTHER ISSUES CONSIDERED AND DECIDED

Respondents G.R. Stuart & Co., Inc., Greg R. Stuart, Financial Services Network, Inc., Richard Conant Payson, Richard Scafidi, Stephen A. Williamson, Mark McCloskey, and Louis Oleari, did not file with the NASD Regulation, Inc. Office of Dispute Resolution a properly executed submission to arbitration but are each and all required to submit to arbitration pursuant to the Code, and Respondents:

G.R. Stuart & Co, Inc., having answered the claim,
Greg R. Stuart, having answered the claim and appeared and testified at the hearing,
Financial Services Network, Inc.,

Richard Conant Payson,
Richard Scafidi,
Steven Edward Murra,
Louis G. Oleari,
Mark McCloskey, having answered the claim,
Stephen A. Williamson, having answered the claim, and
Gary Callas, having answered the claim

are each and all bound by the determination of the Panel on all issues submitted.

The panel granted Claimants' Motion to Add Parties and Pierce the Corporate Veil.

The panel Granted Respondent McCloskey's Motion to Dismiss without prejudice. Claimants withdrew their Motion for Reconsideration of this issue.

The panel denied Respondent Williamson's Motion to Dismiss.

The panel Ordered the dismissal of Respondent Williamson with prejudice and without costs stipulated to by Claimants and Respondent Williamson

The panel granted Respondent Callas' Motion to Amend Answer and Add Cross-Claims and Third-Party Claims.

The panel granted Respondent Williamson's Motion to Dismiss the Cross-Claim by Respondent Callas against Respondent Williamson without prejudice and without costs, the Cross-Claim ordered not be brought again in the above-captioned matter. (NASD records do not reflect the actual filing of an Amended Answer, Cross-Claim or Third party Claim filed by Respondent Callas.)

The panel did not rule on Respondent Scafidi's Motion to Dismiss as he is subject to a bankruptcy stay.

The panel did not rule on Claimant's Motion to Bar Callas from Presenting Supervisory Defenses Relating to Donald Leonard.

The panel denied Respondents Stuart and GRS's Motion to Deny Eligibility.

All claims against Respondents Callas, Scafidi, and Murra are subject to a Bankruptcy Stay and were not adjudicated by the arbitration panel.

Respondent Oleari is deceased and his estate has not been made a party to this action, as such

this panel is not able to render an award against his estate.

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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1.) All requests for Attorney's Fees are denied, including Respondent McCloskey's Motion for Reconsideration of this issue;
- 2.) There is no award against either of the remaining Respondents, Gregory R. Stuart or Richard Conant Payson;
- 3.) That other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
- 4.) That any relief not specifically enumerated is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. 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 firms that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firms are a parties.

Member surcharge = \$ N/A

Adjournment Fees

Adjournments requested during these proceedings: :

February 5,6, 1998, adjournment by Claimants = \$ 1,000.00 (waived)

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 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(s) with a single arbitrator x \$300.00 = \$300.00

Pre-hearing conference(s): December 29, 1998 1 session

Twelve (12) Hearing sessions x \$1,000.00 = \$1,000.00

Hearing Date(s):	May 25, 1999	2 sessions
	May 26, 1999	2 sessions
	May 27, 1999	2 sessions
	September 27, 1999	2 sessions
	September 28, 1999	2 sessions
	September 29, 1999	2 sessions

Total Forum Fees = \$12,300.00

The Panel has assessed \$6,150.00 of the forum fees to Claimants.

The Panel has assessed \$3,075.00 of the forum fees to Respondent Stuart.

The Panel has assessed \$3,075.00 of the forum fees to Respondent Payson.

Fee Summary

Claimants be and hereby are jointly & severally liable for:

Initial Filing Fee	= \$ 250.00
Adjournment Fee	= \$ 0.00
<u>Forum Fees</u>	<u>= \$ 6,150.00</u>
Total Fees	= \$ 6,400.00
<u>Less payments</u>	<u>= \$ 2,250.00</u>
Balance Due NASD Regulation, Inc.	= \$ 4,150.00

Respondent G.R. Stuart & Co., Inc., be and hereby is solely liable for:

Member Fees	= \$ N/A
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Regulation, Inc.	= \$ 0.00

Respondent Financial Securities Network, Inc., be and hereby is solely liable for:

Member Fees	= \$ N/A
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Less payments = \$ 0.00
Balance Due NASD Regulation, Inc. = \$ 0.00

Respondent Stuart, bc and hereby is solely liable for:

Forum Fees = \$ 3,075.00
Total Fees = \$ 3,075.00
Less payments = \$ 0.00
Balance Due NASD Regulation, Inc. = \$ 3,075.00

Respondent Payson be and hereby is solely liable for:

Forum Fees = \$ 3,075.00
Total Fees = \$ 3,075.00
Less payments = \$ 0.00
Balance Due NASD Regulation, Inc. = \$ 3,075.00

All balances are due to NASD Regulation, Inc. and are payable within 30 days of the service date of this Award.

Concurring Arbitrators' Signature(s)

David E. Nims, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Barry Goldman, Esq.
Public Arbitrator

Signature Date

Terry W. Maynard
Terry Maynard
Industry Arbitrator

10/28/99
Signature Date

Date of Service (For NASD office use only)

10/21/99 THU 13:03 FAX

NASD REGULATION

0010

NASD Regulation, Inc. Office of Dispute Resolution
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Less payments	= \$ 0.00
Balance Due NASD Regulation, Inc.	= \$ 0.00

Respondent Stuart, be and hereby is solely liable for:

Forum Fees	= \$ 3,075.00
Total Fees	= \$ 3,075.00
Less payments	= \$ 0.00
Balance Due NASD Regulation, Inc.	= \$ 3,075.00

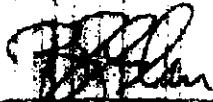
Respondent Payson be and hereby is solely liable for:

Forum Fees	= \$ 3,075.00
Total Fees	= \$ 3,075.00
Less payments	= \$ 0.00
Balance Due NASD Regulation, Inc.	= \$ 3,075.00

All balances are due to NASD Regulation, Inc. and are payable within 30 days of the service date of this Award.

Consenting Arbitrators' Signature(s)

David E. Rims, Esq.
 Public Arbitrator, Presiding Chair



Barry Goldman, Esq.
 Public Arbitrator

Signature Date

10/21/99

Signature Date

Tolly Maynard
 Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

10/21/99 THU 08:07 FAX

NASD REGULATION

010

NASD Regulation, Inc. Office of Dispute Resolution
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Less payments = \$ 0.00
Balance Due NASD Regulation, Inc. = \$ 0.00

Respondent Stuart, be and hereby is solely liable for:

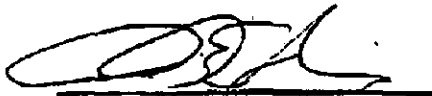
Forum Fees = \$ 3,075.00
Total Fees = \$ 3,075.00
Less payments = \$ 0.00
Balance Due NASD Regulation, Inc. = \$ 3,075.00

Respondent Payson be and hereby is solely liable for:

Forum Fees = \$ 3,075.00
Total Fees = \$ 3,075.00
Less payments = \$ 0.00
Balance Due NASD Regulation, Inc. = \$ 3,075.00

All balances are due to NASD Regulation, Inc. and are payable within 30 days of the service date of this Award.

Concurring Arbitrators' Signature(s)



David E. Nims, Esq.
Public Arbitrator, Presiding Chair

10/21/99
Signature Date

Barry Goldman, Esq.
Public Arbitrator

Signature Date

Terry Maynard
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)