

Award

NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Russell Reed and Lois Jane Reed, Claimants vs. IAR Securities Corporation,
Fairchild Financial Group, Inc., and Geoffrey Paul Scalera, Respondents.

Case Number: 99-01269

Hearing Site: Cleveland, Ohio

REPRESENTATION OF PARTIES

Claimants, Russell Reed and Lois Jane Reed ("The Reeds"), hereinafter referred to as "Claimants", were represented by Carter R. Dodge, Esq., of Cleveland, Ohio.

Respondents, IAR Securities Corporation ("IAR"), and Geoffrey Paul Scalera ("Scalera"), were represented by Cirino M. Bruno, Esq., Gusrae, Kaplan & Bruno, of New York, New York.

Respondent, Fairchild Financial Group, Inc. ("Fairchild"), did not appear at the hearing and was not represented by counsel, except for purposes of filing its Answer jointly with the other Respondents. This answer was submitted by Ruthann G. Niosi, Esq., Law Offices of Ruthann G. Niosi, Esq., of New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: March 16, 1999

Claimants, Russell Reed and Lois Jane Reed, signed the Uniform Submission Agreement: March 9, 1999

Joint Statement of Answer filed by all Respondents on or about: June 29, 1999
Respondent, Geoffrey Paul Scalera, signed, but did not date, the Uniform Submission Agreement.

A representative of IAR Securities Corporation, who did not print his or her name and did not sign legibly, but did have the signature notarized, signed the Uniform Submission Agreement: October 22, 1999

William Erb, Director of Compliance of Respondent, Fairchild Financial Group, Inc., signed the Uniform Submission Agreement: October 27, 1999

CASE SUMMARY

Claimants asserted the following causes of action: fraud; misrepresentation; violation of Section 10(b) and Rule 10b-5; unsuitability; and respondeat superior. The causes of action relate to transactions involving Fruit of the Loom stock, Superior Supplements, Inc. stock, and Decor Group stock.

Unless specifically admitted in their Joint Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a cause of action for which relief can be granted; contributory negligence; and failure to mitigate.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$150,000.00
Punitive Damages	\$200,000.00
Attorneys' Fees	\$unspecified
Interest	\$unspecified

Respondents requested that the claims be denied in their entirety, and that Claimants be required to pay all forum fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent, Fairchild Financial Group, Inc., did not appear at the hearing, but having filed with the NASD Office of Dispute Resolution a properly executed submission to arbitration, and having answered the claim, is bound by the determination of the Panel on all issues submitted.

The parties present at the hearing 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:

The Panel finds in favor of the Claimants and awards **\$48,570.75** in compensatory damages. Additionally, the Panel awards **5%** interest per annum, accruing from March 28, 1998 through July 7, 2000, totaling **\$5,539.45**. The entire Award is joint and several against Respondents, IAR Securities Corporation, Fairchild Financial Group, Inc., and Geoffrey Paul Scalera.

Any and all relief not specifically addressed herein, including punitive [treble] damages, is denied.

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 = \$200

This fee is non-refundable, but the Panel directs Respondents, jointly and severally, to reimburse this amount to Claimants.

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings. In this matter, the member firms are IAR Securities Corporation and Fairchild Financial Group, Inc.

Member surcharge	= \$1,500
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$2,500

Adjournment Fees

Adjournments requested during these proceedings:

April 24-25, 2000, adjournment by IAR Securities Corporation = \$750

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 with Panel x \$750		= \$ 750
Pre-hearing conferences: October 11, 1999	1 session	
Four (4) Hearing sessions x \$750		= \$3,000
Hearing Dates: July 6, 2000	2 sessions	
July 7, 2000	2 sessions	
Total Forum Fees		= \$3,750

The Panel has assessed 100% of the forum fees, jointly and severally, to Respondents, IAR Securities Corporation, Fairchild Financial Group, Inc., and Geoffrey Paul Scalera.

Claimants will receive a refund of the \$750 Hearing Session Deposit paid to the NASD.

Fee Summary

1. Claimants be and hereby is solely liable for:

<u>Initial Filing Fee</u>	= \$ 200
<u>Total Fees</u>	= \$ 200
<u>Less payments</u>	= \$ 950
<u>Balance Due NASD Regulation, Inc.</u>	= \$(750)

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NASD Regulation, Inc., will refund this \$750 to Claimants.

2. Respondent, Fairchild Financial Group, Inc., be and hereby is solely liable
for:

Member Fees	= \$ 1,500
Hearing Processing Fees	= \$ 2,500
<u>Pre-Hearing Processing Fees</u>	<u>= \$ 600</u>
Total Fees	= \$ 4,600
<u>Less payments</u>	<u>= \$ 0</u>
Balance Due NASD Regulation, Inc.	= \$ 4,600

3. Respondent, IAR Securities Corporation, be and hereby is solely liable for:

Member Fees	= \$ 1,500
Hearing Processing Fees	= \$ 2,500
Pre-Hearing Processing Fees	= \$ 600
<u>Adjournment Fees</u>	<u>= \$ 750</u>
Total Fees	= \$ 5,350
<u>Less payments</u>	<u>= \$ 750</u>
Balance Due NASD Regulation, Inc.	= \$ 4,600

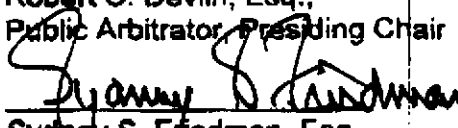
4. Respondents, IAR Securities Corporation, Fairchild Financial Group, Inc., and
Geoffrey Paul Scalera, be and hereby are jointly and severally liable for:

<u>Forum fees</u>	<u>= \$ 3,750</u>
Total Fees	= \$ 3,750
<u>Less payments</u>	<u>= \$ 0</u>
Balance Due NASD Regulation, Inc.	= \$ 3,750

With the exception of the \$200 filing fee reimbursement, payable directly to
Claimants, all balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signature(s)

Robert C. Devlin, Esq.,
Public Arbitrator, Presiding Chair


Sydney S. Friedman, Esq.
Public Arbitrator

Brent D. Berkman, CPA
Industry Arbitrator

Date of Service (For NASD office use only)

Signature Date

8/11/00
Signature Date

 **JUST THE
FAX**  ^{8/14/00}

To: Jeffrey Dean
NASD
FAX NO.: 312/238 9239
NUMBER OF PAGES 1

FROM:

Sydney S. Friedman
15520 Aldersyde Dr.
Shaker Heights OH 44120-2548
216/295-2428 **FAX 216/** 561-8199

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2. Respondent, Fairchild Financial Group, Inc., be and hereby is solely liable for:

Member Fees	= \$ 1,500
Hearing Processing Fees	= \$ 2,500
Pre-Hearing Processing Fees	= \$ 600
Total Fees	= \$ 4,600
Less payments	= \$ 0
Balance Due NASD Regulation, Inc.	= \$ 4,600

3. Respondent, IAR Securities Corporation, be and hereby is solely liable for:

Member Fees	= \$ 1,500
Hearing Processing Fees	= \$ 2,500
Pre-Hearing Processing Fees	= \$ 600
Adjournment Fees	= \$ 750
Total Fees	= \$ 5,350
Less payments	= \$ 750
Balance Due NASD Regulation, Inc.	= \$ 4,600

4. Respondents, IAR Securities Corporation, Fairchild Financial Group, Inc., and Geoffrey Paul Scalera, be and hereby are jointly and severally liable for:

Forum fees	= \$ 3,750
Total Fees	= \$ 3,750
Less payments	= \$ 0
Balance Due NASD Regulation, Inc.	= \$ 3,750

With the exception of the \$200 filing fee reimbursement, payable directly to Claimants, all balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signature(s)

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Public Arbitrator, Presiding Chair

Signature Date

Sydney S. Friedman, Esq.
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Signature Date


Brent D. Berkman, CPA
Industry Arbitrator

8/21/2000
Signature Date

Date of Service (For NASD office use only)



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Robert C. Devlin, Esq.,
Public Arbitrator, Presiding Chair

8/9/00
Signature Date

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Public Arbitrator

Signature Date

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Industry Arbitrator

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