

**AWARD**  
**NASD Dispute Resolution, Inc.**

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In the Matter of the Arbitration Between

Name of Claimant

Marion S. Friedman and  
Seeger-Fisher Family Limited Partnership

and

99-01597  
Minneapolis, Minnesota

Name of Respondents

Passport Securities, Inc.  
Pentad Securities, Inc.  
Grant Darrin Seeger

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**REPRESENTATION OF PARTIES**

Marion S. Friedman and Seeger-Fisher Family Limited Partnership ("**Claimants**") were represented by Floyd E. Siefferman, Jr., Esq., Saliterman & Siefferman, P.C., Minneapolis, Minnesota.

Passport Securities, Inc. ("**Respondent Passport**") was represented by Douglas Martin, Esq., San Francisco, California.

Pentad Securities, Inc. ("**Respondent Pentad**") was represented at the hearing by Fred A. Dietrich, Pentad Securities, Inc., Sun City, Arizona.

Grant Darrin Seeger ("**Respondent Seeger**") was represented by Paul J. Roshka, Jr., Esq., Roshka Heyman & DeWulf, PLC, Phoenix, Arizona.

**CASE INFORMATION**

The Statement of Claim was filed on or about April 5, 1999. Amended Statement of Claim was filed on or about September 7, 1999. Claimants' response to respondent Grant Seeger's Motion to Dismiss was filed on or about October 3, 2000. Claimants' Response to letter Motion of Pentad Securities, Inc. Seeking Dismissal was filed on or about October 24, 2000. Claimants' Answer and Motion to Dismiss Alleged Counterclaim of Pentad Securities, Inc. was filed on or about December 14, 2000. Submission Agreement of Claimant Marion S. Friedman was signed on March 4, 1999. Submission Agreement of Seeger-Fisher Family Limited Partnership was signed on March 10, 1999 by Geoffrey R. Fisher.

Statement of Answer was filed by Respondent Passport Securities, Inc. on or about August 11, 2000. Amendment to Answer of Respondent Passport Securities, Inc. was filed on or about December 11, 2000.

Answer and Motion to Dismiss was filed by Respondent Pentad Securities, Inc. on or about August 14, 2000. Letter dated October 13, 2000 in Support of Motion to Dismiss. Counterclaim of Pentad Securities, Inc. was filed on or about December 11, 2000. Pentad Securities, Inc.'s Response to Claimants' Motion to Dismiss our Counterclaim was filed on or about December 19, 2000.

Respondent Grant D. Seeger's Motion to Dismiss, Answer and Request for Attorneys' Fees and Costs was filed on or about September 19, 2000. Letter dated September 19, 2000. Respondent Grant Seeger's Reply Supporting Motion to Dismiss was filed on or about October 12, 2000. Submission Agreement of Respondent Grant Darrin Seeger was signed on September 18, 2000.

### **CASE SUMMARY**

In the Amended Statement of Claim, Claimants alleged that commencing April 29, 1993, respondent Seeger engaged in a series of transactions involving the purchase and sale of unsuitable securities (such as Mexican securities and limited partnerships in which, unknown to Claimants, Respondent Seeger personally stood to benefit as a controlling person, or co-owner), resulting in substantial losses in securities in which Respondent Seeger was a principal, advisor or otherwise had a conflicting position. Claimants also alleged that they did not authorize and had expressly prohibited the risk of purchasing relatively new, low or non-income producing, speculative securities and did not authorize purchases of securities in which Respondents made a market or had conflict of interest positions. It was further alleged that Respondent Seeger churned the accounts of Claimants. Claimants also alleged that Respondents Pentad and Passport failed to supervise Respondent Seeger.

Respondents denied the allegations set forth in the Statement of Claim.

Respondent Pentad denied the allegations set forth in the Amended Statement of Claim. Respondent Pentad stated that Respondent Seeger's license with Pentad Securities, Inc. was terminated on December 31, 1995. It was also stated that the claims asserted against Pentad are barred by applicable statutes of limitations. In the Counterclaim, Respondent Pentad alleged that Claimants have acted in a willful, wanton, malicious and oppressive manner by bringing a totally meritless claim against it.

### **RELIEF REQUESTED**

In the Amended Statement of Claim, Claimants requested an award of their damages and recovery against Respondents, and each of them, jointly and severally, as follows:

- a. General and compensatory damages in an amount according to proof, but not less than \$149,159.38 which does not include any lost opportunity costs;
- b. Punitive damages in an amount no less than \$75,000;
- c. Interest at 8% on the \$149,159.38 lost from April 29, 1993 to date of award;
- d. Attorneys fees and costs pursuant to Minnesota Statutes §80A.23;
- e. Costs of proceedings; and
- f. Such other and further relief as this panel deems just and appropriate.

Claimants also requested the dismissal of the Counterclaim asserted by Pentad Securities, Inc.

Respondent Pentad requested an award of thier damages and recovery against Claimants, and each of them, *jointly and severally, as follows:*

- a. A \$10 per page remuneration to cover the receiving, reading, interpreting, filing and reviewing of the thousands of pages of documents that have pertained to this dispute. (To date this amounts to \$25,000 plus and is growing daily);
- b. Complete reimbursement for all direct expenses related to its' defense of thier claim, to include airfare, out-of-town room & board expenses to attend the hearing(s), telephone charges, postage and any other direct expenses that may yet be required;
- c. Complete reimbursement for any and all attorneys' fees that may be incurred;
- d. Punitive damages in an amount no less than three (3) times the total of items a., b. and c. above;
- e. Costs of proceedings; and
- f. Such other and further relief as this panel deems just and appropriate.

#### **OTHER ISSUES CONSIDERED & DECIDED**

Respondents Passport Securities, Inc. and Pentad Securities, Inc. did not file with the NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim are bound by the determination of the arbitration panel on all issues submitted.

By letter dated October 19, 2000, the parties were advised of the Arbitration Panel's decision to deny Grant D. Seeger's Motion to Dismiss.

By letter dated November 17, 2000, the parties were advised of the Arbitration Panel's decision to deny Pentad Securities, Inc.'s Motion to Dismiss.

By letter dated January 5, 2001, Claimants advised the NASD staff that a settlement was reached with Passport Securities, Inc.

The claims asserted against Respondent Grant Darrin Seeger were settled after the commencement of the hearing of this matter.

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution, Inc. (the "NASD").

### **AWARD**

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

1. The remaining claims asserted against Respondent Pentad Securities, Inc. shall be and hereby are dismissed. The undersigned arbitrators find no liability by respondent Pentad Securities, Inc.
2. The counterclaim asserted in this matter by Pentad Securities, Inc. shall be and hereby is dismissed.
3. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
4. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 300.00
Counter claim filing fee	= \$1,000.00

### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) 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 Passport Securities, Inc. and Pentad Securities, Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

### **Forum Fees and Assessments**

The Arbitration 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 Panel x \$1,125.00	= \$1,125.00
Pre-hearing conference(s): August 22, 2000 1 session	
Four (4) Hearing sessions x \$1,125.00	= \$4,500.00
Hearing Date(s): January 8, 2001 2 sessions	
January 9, 2001 2 sessions	
Total Forum Fees	= \$5,625.00

The Arbitration Panel has assessed \$1,687.50 of the forum fees to Marion S. Friedman and Seeger-Fisher Family Limited Partnership.

The Arbitration Panel has assessed \$1,125.00 of the forum fees to Passport Securities, Inc.

The Arbitration Panel has assessed \$1,125.00 of the forum fees to Pentad Securities, Inc.

The Arbitration Panel has assessed \$1,687.50 of the forum to Grant Darrin Seeger.

### **Fee Summary**

Claimants, Marion S. Friedman and Seeger-Fisher Family Limited Partnership, shall be and hereby is liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	<u>= \$1,687.50</u>
Total Fees	= \$1,987.50
<u>Less payments</u>	<u>= \$1,425.00</u>

Balance Due NASD Dispute Resolution, Inc. = \$ 562.50

Respondent, Passport Securities, Inc., shall be and hereby is liable for:

Member Fees	= \$4,600.00
<u>Forum Fees</u>	= <u>\$1,125.00</u>
Total Fees	= \$5,725.00
<u>Less payments</u>	= <u>\$2,100.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$3,625.00

Respondent, Pentad Securities, Inc., shall be and hereby is liable for:

Type Filing Fee	= \$1,000.00
Member Fees	= \$4,600.00
<u>Forum Fees</u>	= <u>\$1,125.00</u>
Total Fees	= \$6,725.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$6,725.00

Respondent Grant Darrin Seeger, shall be and hereby is liable for:

<u>Forum Fee</u>	= <u>\$1,687.50</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,687.50

**All balances are due to NASD Dispute Resolution, Inc.**

Dated:

/s/ Robert R. Biglow  
Robert R. Biglow, Esq.  
Public Arbitrator, Presiding Chair

February 28, 2001

/s/ John Robert Kelly  
John Robert Kelly  
Public Arbitrator

March 1, 2001

/s/ Peter N. Thompson  
Peter N. Thompson  
Industry Arbitrator

February 23, 2001

Balance Due NASD Dispute Resolution, Inc. = \$ 562.50

Respondent, Passport Securities, Inc., shall be and hereby is liable for:

Member Fees	= \$4,600.00
<u>Forum Fees</u>	= <u>\$1,125.00</u>
Total Fees	= \$5,725.00
<u>Less payments</u>	= <u>\$2,100.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$3,625.00

Respondent, Pentad Securities, Inc., shall be and hereby is liable for:

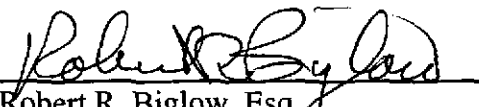
Type Filing Fee	= \$1,000.00
Member Fees	= \$4,600.00
<u>Forum Fees</u>	= <u>\$1,125.00</u>
Total Fees	= \$6,725.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$6,725.00

Respondent Grant Darrin Seeger, shall be and hereby is liable for:

<u>Forum Fee</u>	= <u>\$1,687.50</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,687.50

All balances are due to NASD Dispute Resolution, Inc.

Dated:

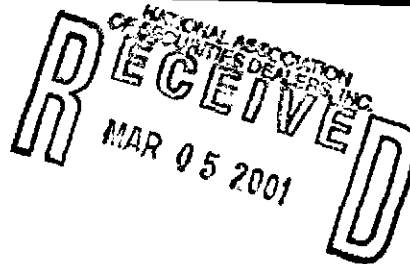
  
Robert R. Biglow, Esq.  
Public Arbitrator, Presiding Chair

2-28-2001

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John Robert Kelly  
Public Arbitrator

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Peter N. Thompson  
Industry Arbitrator

NASD Dispute Resolution, Inc.  
Arbitration No. 99-01597  
Award Page 6 of 6



Balance Due NASD Dispute Resolution, Inc. = \$ 562.50

Respondent, Passport Securities, Inc., shall be and hereby is liable for:

<u>Member Fees</u>	= \$4,600.00
<u>Forum Fees</u>	= \$1,125.00
Total Fees	= \$5,725.00
<u>Less payments</u>	= \$2,100.00
Balance Due NASD Dispute Resolution, Inc.	= \$3,625.00

Respondent, Pentad Securities, Inc., shall be and hereby is liable for:

Type Filing Fee	= \$1,000.00
Member Fees	= \$4,600.00
<u>Forum Fees</u>	= \$1,125.00
Total Fees	= \$6,725.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$6,725.00

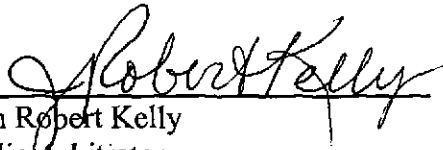
Respondent Grant Darrin Seeger, shall be and hereby is liable for:

<u>Forum Fee</u>	= \$1,687.50
Balance Due NASD Dispute Resolution, Inc.	= \$1,687.50

All balances are due to NASD Dispute Resolution, Inc.

Dated:

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Robert R. Biglow, Esq.  
Public Arbitrator, Presiding Chair

  
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John Robert Kelly  
Public Arbitrator

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Peter N. Thompson  
Industry Arbitrator

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1 March 2001  
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Balance Due NASD Dispute Resolution, Inc. = \$ 562.50

Respondent, Passport Securities, Inc., shall be and hereby is liable for:

Member Fees	= \$4,600.00
<u>Forum Fees</u>	= <u>\$1,125.00</u>
Total Fees	= \$5,725.00
<u>Less payments</u>	= <u>\$2,100.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$3,625.00

Respondent, Pentad Securities, Inc., shall be and hereby is liable for:

Type Filing Fee	= \$1,000.00
Member Fees	= \$4,600.00
<u>Forum Fees</u>	= <u>\$1,125.00</u>
Total Fees	= \$6,725.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$6,725.00

Respondent Grant Darrin Seeger, shall be and hereby is liable for:

<u>Forum Fee</u>	= <u>\$1,687.50</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,687.50

All balances are due to NASD Dispute Resolution, Inc.

Dated:

\_\_\_\_\_  
Robert R. Biglow, Esq.  
Public Arbitrator, Presiding Chair

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John Robert Kelly  
Public Arbitrator

Peter N. Thompson  
Peter N. Thompson  
Industry Arbitrator

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2/23/01

**Addendum to AWARD  
NASD Dispute Resolution, Inc.**

In the Matter of the Arbitration Between

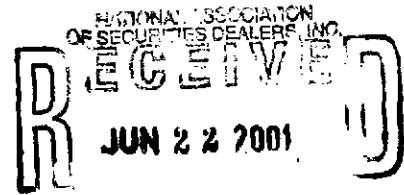
Name of Claimant

Marion S. Friedman and  
Seeger-Fisher Family Limited Partnership

and

Name of Respondents

Passport Securities, Inc.  
Pentad Securities, Inc.  
Grant Darrin Seeger



99-01597  
Minneapolis, Minnesota

**Addendum to Award**

After considering the post-hearing submissions of the parties, the undersigned arbitrators have decided as follows:

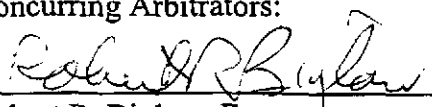
At the parties request the following language shall be deleted from "Other Issues Considered & Decided" section of the Award:

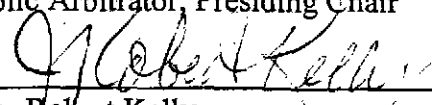
The claims asserted against Respondent Grant Darrin Seeger were settled after the commencement of the hearing of this matter.

and the following language inserted:

On January 9, 2001, following the cross-examination of Claimant Marion S. Friedman, the Claimant dismissed Respondent Grant Darrin Seeger from this arbitration.

Concurring Arbitrators:

  
Robert R. Biglow, Esq.  
Public Arbitrator, Presiding Chair

  
John Robert Kelly  
Public Arbitrator

6-13-2001  
Signature Date

6-15-01  
Signature Date

Peter N. Thompson

Peter N. Thompson

Industry Arbitrator

Public

6/12/01

Signature Date