

**Award**  
**NASD Dispute Resolution, Inc.**

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In the Matter of the Arbitration Between:

Yasmin M. Horvath, Claimant vs. GS2 Securities, Inc., The Ziegler Companies, Inc., Glaisner, Schilffarth, Grande & Schnoll, LTD., B.C. Ziegler & Company, Collopy & Company, Inc., Richard A. Schilffarth, Sr., Richard J. Glaisner, Peter D. Ziegler, Howard M. Schnoll, Donald I. Grande, Glenn N. Bruck, Raymond C. Krieg, Charles S. O'Meara, Dennis A. Wallestad, Maureen B. Oster, James B. Chase and John F. Collopy, Respondents.

Case Number: 99-02225

Hearing Site: Milwaukee, Wisconsin

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**REPRESENTATION OF PARTIES**

Claimant, Yasmin M. Horvath, "Horvath", hereinafter referred to as "Claimant", was represented by James J. Eccleston, Esq., of Eccleston & Associates, P.C., Chicago, Illinois.

Respondents, GS2 Securities, Inc., "GS2", The Ziegler Companies, Inc., "Ziegler Companies", B.C. Ziegler & Company, "B.C. Ziegler", Glaisner, Schilffarth, Grande & Schnoll, LTD., "G.S.G. & S.", Peter D. Ziegler, "P. Ziegler", Howard M. Schnoll, "H. Schnoll", Richard A. Schilffarth, Sr., "R. Schilffarth, Sr.", Richard J. Glaisner, "R. Glaisner", Donald I. Grande, "Grande", Glenn N. Bruck, "Bruck", Raymond C. Krieg, "Krieg", Charles S. O'Meara, "O'Meara", and Dennis A. Wallestad, "Wallestad", were represented by Michael R Wherry, Esq., of Davis & Kuelthau, S.C., Milwaukee, Wisconsin.

Respondent, James B. Chase, "Chase", was represented by Michael J. Koenigsknecht, Esq., of Gardner, Carton & Douglas, Chicago, Illinois.

Respondents, Maureen B. Oster, "Oster", Meguon, Wisconsin, and John F. Collopy, "J. Collopy", Miami, Florida, appeared pro se.

Repondent, Collopy & Company, Inc., "Collopy & Co.", was not represented by counsel and was not represented at the hearing. James B. Chase represented Collopy & Co. prior to the hearing.

**CASE INFORMATION**

Statement of Claim filed on or about: May 17, 1999

Claimant, Horvath, signed the Uniform Submission Agreement: June 2, 1999

Joint Statement of Answer filed by Respondents, GS2, Ziegler Companies, B.C. Ziegler, G.S.G. & S., P. Ziegler, H. Schnoll, R. Schilffarth, Sr., R. Glaisner,

Grande, Bruck, Krieg, O'Meara and Wallestad, on or about: August 18, 1999

Respondents, R. Schilffarth, Sr., R. Glaisner, on his own behalf and for Respondents GS2 and G. S. G. & S., H. Schnoll, Bruck, Krieg, and O'Meara, on his own behalf and for Respondents B.C. Ziegler and Ziegler Companies, all signed the Uniform Submission Agreement: July 27, 1999

Respondent, P. Ziegler, signed the Uniform Submission Agreement: July 28, 1999

Respondent, Wallestad, signed the Uniform Submission Agreement: July 30, 1999

Respondent, Grande, signed the Uniform Submission Agreement: August 3, 1999

Joint Statement of Answer filed by Respondents, Chase and Collopy & Co., on or about: August 4, 1999

Respondent, James B. Chase, on his own behalf and for Collopy & Co., signed the Uniform Submission Agreement: June 28, 1999

Statement of Answer filed by Respondent, Oster, on or about: August 4, 1999

Respondent, Oster, signed the Uniform Submission Agreement: August 4, 1999

Statement of Answer filed by Respondent, J. Collopy, on or about: August 2, 1999

Respondent, J. Collopy, signed the Uniform Submission Agreement: July 15, 1999

### **CASE SUMMARY**

Claimant asserted the following causes of action: violations of Sections 10(b) and Rule 10b-5; violations of the Wisconsin Uniform Securities Act of 1956; common law fraud; churning; violations of the Wisconsin Deceptive Practices Act; breach of fiduciary duty; negligence; failure to supervise and respondeat superior liability. The causes of action relate to transactions involving U.S. government bonds, other corporate bonds and Female Health securities.

Unless specifically admitted in their Answers, Respondents denied the allegations made in the Statement of Claim.

Respondents, R. Schilffarth, Sr., R. Glaisner, GS2, G. S. G. & S., H. Schnoll, Bruck, Krieg, O'Meara, B.C. Ziegler, Ziegler Companies, P. Ziegler, Wallestad, and Grande asserted the following affirmative defenses: intervening, superseding

causes; estoppel, failure to state a claim of fraud with particularity and assumption of the risk. These Respondents also filed a cross-claim against Respondents Chase and Collopy & Co. for indemnification, or, in the alternative, for contribution.

### **RELIEF REQUESTED**

Claimant requested:

Compensatory Damages	\$ 700,000
Punitive Damages	\$4,000,000
Interest	\$unspecified
Attorneys' Fees	\$unspecified
Other Costs	\$unspecified

All Respondents requested that the Claims against them be dismissed with prejudice.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Prior to the hearing, Respondents J. Collopy, R. Schilffarth, Sr., H. Schnoll, Grande, P. Ziegler, O'Meara, Wallestad, and Oster filed Motions to Dismiss.

On August 18, 1999, Claimant voluntarily withdrew all claims against Respondents P. Ziegler, O'Meara, Wallestad, and Oster.

The Panel denied the Motions to Dismiss of Respondents R. Schilffarth, Sr., H. Schnoll, Grande, and J. Collopy. J. Collopy renewed his Motion twice, and the Panel denied the Motion each time.

Claimant filed a Motion to Bar Respondent Collopy & Co. from Presenting any Facts or Defenses at the Hearing. The Panel denied this Motion. Additionally, Claimant filed a Motion to add South Beach Capital as a Respondent. The Panel denied this Motion, and, upon Claimant's renewal of the Motion, denied it a second time.

On or about April 17, 2000, Claimant settled all outstanding claims against each remaining Respondent except J. Collopy and Collopy & Co. This settlement disposed of the cross-claim filed by Respondents R. Schilffarth, Sr., R. Glaisner, GS2, G. S. G. & S., H. Schnoll, Bruck, Krieg, O'Meara, B.C. Ziegler, Ziegler Companies, P. Ziegler, Wallestad, and Grande.

Claimant withdrew all claims against J. Collopy prior to the hearing and proceeded to hearing with claims outstanding only against Collopy & Co.

Respondent, Collopy & Co., was not represented at the hearing. However, the Panel finds that Collopy & Co. received service of the Statement of Claim and proper notice of the hearing. Therefore, Collopy & Company, Inc. is bound by the determination of the Panel on all claims in the Statement of Claim.

### **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 rules in favor of Claimant and awards **\$175,000.00** in compensatory damages, *including interest and attorney's fees*. Collopy & Company, Inc. is solely liable for the entire \$175,000.00 award.

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

Initial claim filing fee	= \$ 600
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In accordance with Section 10332 of the Code of Arbitration Procedure, NASD Dispute Resolution, Inc. collects a refundable hearing session deposit at the time of the filing of any Statement of Claim. In this matter, a \$1,200 refundable deposit was required. However, the Director of Arbitration waived the hearing session deposit in this matter based on a showing of financial hardship by the Claimant.

Cross-Claim Filing Fee	= \$ 500
Hearing Session Deposit	= \$1,000

Respondents, R. Schilffarth, Sr., R. Glaisner, GS2, G. S. G. & S., H. Schnoll, Bruck, Krieg, O'Meara, B.C. Ziegler, Ziegler Companies, P. Ziegler, Wallestad, and Grande filed a joint cross-claim against Respondents Chase and Collopy & Co. These Respondents jointly submitted the above cross-claim fee and deposit.

#### **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 B.C. Ziegler & Company and Collopy & Company, Inc.

Member surcharge	= \$2,500
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$4,500

**Adjournment Fees**

Adjournments requested during these proceedings:

Hearing Dates: May 2-5, 2000

In accordance with Section 10319 of the Code of Arbitration Procedure, NASD Dispute Resolution, Inc. collects a refundable adjournment deposit from the party or parties requesting the adjournment. In this matter, a \$1,200 refundable deposit was required. However, the Director of Arbitration waived the adjournment deposit in this matter based on Claimant's previous showing of financial hardship.

**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 \$1,200 = \$1,200

Pre-hearing conference: January 11, 2000 1 session

Two (2) Pre-hearing sessions - single arbitrator x \$450 = \$ 900

Pre-hearing conferences: March 1, 2000 1 session

March 13, 2000 1 session

Three (3) Regular Hearing sessions x \$1,200 = \$3,600

Hearing Dates: July 24, 2000 2 sessions

July 25, 2000 1 session

Total Forum Fees = \$5,700

The Panel has assessed the entire \$5,700 of the forum fees against Collopy & Company, Inc.

**Fee Summary**

1. Claimant, Horvath, be and hereby is solely liable for:

Initial Filing Fee = \$ 600

Total Fees = \$ 600

Less payments = \$ 600

Balance Due NASD Dispute Resolution, Inc. = \$ 0

2. Respondent, B.C. Ziegler & Company, be and hereby is solely liable for:

Member Fees = \$ 2,500

Pre-hearing process fee = \$ 600

Hearing process fee = \$ 4,500

Total Fees = \$ 7,600

Less payments = \$ 7,600

Balance Due NASD Dispute Resolution, Inc. = \$ 0

3. Respondent, Collopy & Company, Inc., be and hereby is solely liable for:

Member Fees	= \$ 2,500
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$ 4,500
Forum Fees	= \$ 5,700
Total Fees	= \$13,300
Less payments	= \$ 0
Balance Due NASD Dispute Resolution, Inc.	= \$13,300

4. Respondents, R. Schilffarth, Sr., R. Glaisner, GS2, G. S. G. & S., H. Schnoll, Bruck, Krieg, O'Meara, B.C. Ziegler, Ziegler Companies, P. Ziegler, Wallestad, and Grande, be and hereby are jointly and severally liable for:

Cross-Claim Filing Fee	= \$ 500
Total Fees	= \$ 500
Less payments	= \$ 500
Balance Due NASD Dispute Resolution, Inc.	= \$ 0

NASD Dispute Resolution Inc. will refund to the above parties the \$1,000 hearing session deposit submitted upon the filing of their cross-claim.

All balances are due to NASD Dispute Resolution, Inc.

**Concurring Arbitrators' Signature(s)**

Arthur J. Vlasak  
Arthur J. Vlasak  
Public Arbitrator, Presiding Chair

September 12, 2000  
Signature Date

Ben L. Chernov  
Ben L. Chernov, Esq.  
Public Arbitrator

September 8, 2000  
Signature Date

Donald V. Anderson  
Donald V. Anderson  
Industry Arbitrator

September 7, 2000  
Signature Date

September 18, 2000  
Date of Service (For NASD office use only)

Yasmin M. Horvath vs. GS2 Securities, Inc., et al

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Pre-hearing process fee	= \$ 600
Hearing process fee	= \$ 4,500
<u>Total Fees</u>	= \$ 7,600
<u>Less payments</u>	= \$ 7,600
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## 3. Respondent, Collopy &amp; Company, Inc., be and hereby is solely liable for:

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Balance Due NASD Dispute Resolution, Inc.	= \$13,300

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Public Arbitrator, Presiding Chair



Ben L. Chernov, Esq.  
Public Arbitrator

Signature Date

Sep. 8, 2000

Signature Date

Donald V. Anderson  
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)



Yasmin M. Horvath vs. GS2 Securities, Inc., et al

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9-7-00  
\_\_\_\_\_  
Signature Date

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Date of Service (For NASD office use only)