

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Robert F. Stout, and Robert F. and Katherine A. Stout JTWROS, Claimants v. Foster Jeffries Securities, LLC, Charles John Lemieux, Steven L. Karno, Michael Scott Weiner, Thomas Michael Allegra, Kevin Charles Held, Paul J. Greco, George M. Greco, Jr. and George M. Greco, Sr., Respondents

Case No: 99-03115

Hearing Site: Raleigh, North Carolina

REPRESENTATION OF PARTIES

Robert F. Stout, and
Robert F. and Katherine A. Stout JTWROS
("Claimants")

William B. L. Little, Esq.
Little & Little, PLLC
Raleigh, North Carolina

Foster Jeffries Securities, LLC
("Foster Jeffries")

did not appear

Charles John Lemieux
("Lemieux")

Michael Uilla, Esq.
Brooklyn, New York

Steven L. Karno
("Karno")

appeared pro se

Michael Scott Weiner
("Weiner")

did not appear

Thomas Michael Allegra
("Allegra")

did not appear

Kevin Charles Held
("Held")

did not appear

Paul J. Greco

appeared pro se

George M. Greco, Jr.

appeared pro se

George M. Greco, Sr.

appeared pro se

CASE INFORMATION

Statement of Claim filed on or about: July 6, 1999.

Amended Statement of Claim filed on or about: February 14, 2000.

Second Amended Statement of Claim filed on or about: March 17, 2000.

Claimants signed the Uniform Submission Agreement on: July 6, 1999.

Respondent Foster Jeffries did not file a Statement of Answer or executed Uniform Submission Agreement.

Statement of Answer filed by Respondent Lemieux on or about: December 27, 2000.

Respondent Lemieux did not file an executed Uniform Submission Agreement.

Statement of Answer and Motion to Dismiss filed by Respondent Karno on or about: April 22, 2000.

Respondent Karno signed the Uniform Submission Agreement on: April 21, 2000.

Respondents Weiner, Allegra and Held did not file Statements of Answer or executed Uniform Submission Agreements.

Statement of Answer and Motion to Dismiss filed by Respondent Paul J. Greco on or about: April 10, 2000.

Respondent Paul J. Greco signed the Uniform Submission Agreement on: May 3, 2000.

Statement of Answer and Motion to Dismiss filed by Respondent George M. Greco, Jr. on or about: April 10, 2000.

Respondent George M. Greco, Jr. signed the Uniform Submission Agreement on: April 10, 2000.

Statement of Answer filed by Respondent George M. Greco, Sr. on or about: April 11, 2000.

Respondent George M. Greco, Sr. signed the Uniform Submission Agreement on: April 11, 2000.

CASE SUMMARY

Claimants asserted the following causes of action: 1) violation of the anti-fraud provisions of the North Carolina Securities Act; 2) violation of the anti-fraud provisions of the North Carolina Investment Advisers Act; 3) common law negligent misrepresentation; 4) actual common law fraud; 5) breach of fiduciary duty; 6) negligence and gross negligence; 7) common law constructive fraud; 8) failure to supervise; 9) breach of contract; 10) violations of federal securities laws; and 11) control person liability.

Respondents Lemieux, Karno, George M. Greco Jr., George M. Greco, Sr. and Paul J. Greco denied the allegations of wrongdoing in the Statement of Claim.

RELIEF REQUESTED

Claimants requested: 1) compensatory damages in excess of \$100,000.00 but not more than \$500,000.00; 2) rescission; 3) disgorgement of commissions and margin interest; 4) punitive damages; 5) interest; 6) costs; 7) attorneys' fees; and 8) such other relief the undersigned arbitrators (the "Panel") deemed just and proper.

Respondents Lemieux, Karno, George M. Greco, Jr., George M. Greco, Sr. and Paul J. Greco requested dismissal of the Statement of Claim.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Lemieux did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, is bound by the determination of the Panel on all issues submitted.

Respondents Foster Jeffries, Weiner, Allegra and Held did not file with NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

None of the respondents appeared at the evidentiary hearing. Upon review of the file and the representations made by/on behalf of the Claimants, the Panel determined that all respondents have been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said respondents present, in accordance with the Code.

On or about June 1, 2000, Claimants dismissed, without prejudice, the claims asserted against Respondents Weiner and Allegra.

On or about June 1, 2000, Claimants dismissed, with prejudice, the claims asserted against Respondent Held.

On or about July 18, 2000, Claimants dismissed, without prejudice, the claims asserted against Respondent Lemieux. On or about July 20, 2000, Respondent Lemieux agreed to Claimants' dismissal, without prejudice, of the claims asserted against Respondent Lemieux.

On or about January 24, 2001, Claimants filed a Motion to Amend Statement of Claim to Reinstate Claims against Respondent Lemieux. At the evidentiary hearing, the Panel deferred ruling on said motion. On or about March 20, 2001, the Panel found that Respondent Lemieux had failed to comply with the terms of the settlement agreement executed between Claimants and Respondent Lemieux. The Panel determined that Claimants were entitled to reinstate Claimants' claims against Respondent Lemieux and granted said

motion.

On or about January 24, 2001, Claimants filed a Motion for Sanctions against Respondents George M. Greco, Jr., George M. Greco, Sr., Paul J. Greco and Foster Jeffries, and a Motion to Compel against Respondent Karno. The Panel deferred ruling on Claimants' Motion for Sanctions until the evidentiary hearing. The Panel granted in part and denied in part Claimants' Motion to Compel.

On or about February 16, 2001, NASD Dispute Resolution notified the parties that Arbitrator Edward T. Curry, Jr. had withdrawn from the Panel. The parties were directed to inform NASD Dispute Resolution in writing no later than February 23, 2001 if a party objected to proceeding forward with a panel of two arbitrators. NASD Dispute Resolution did not receive an objection. On February 27, 2001, NASD Dispute Resolution notified the parties that said arbitration would proceed forward with a panel of two arbitrators.

At the evidentiary hearing, Claimants announced that Claimants' claims are dismissed, with prejudice, as to Respondents Weiner, Allegra and Held.

At the evidentiary hearing, Claimants announced that Claimants had entered into settlement agreements with Respondents George M. Greco, Jr., George M. Greco, Sr., Paul J. Greco and Lemieux. Claimants requested that the Panel adjourn the evidentiary hearing to allow the settling respondents additional time to satisfy the remaining payments owed to Claimants. The Panel granted Claimants' request to adjourn the evidentiary hearing and waived the adjournment fee.

On or about March 15, 2001, the Panel entered its Interim Order wherein the Panel determined that Claimants' motion to strike Respondent Karno's defenses and to find liability is moot, and the Panel ordered interim relief as to Respondents Foster Jeffries and Karno.

On or about August 2, 2001, Claimants filed a voluntary dismissal, with prejudice, of all claims asserted against Respondents Lemieux, Weiner, Allegra, Held, George M. Greco, Sr., George M. Greco, Jr. and Paul J. Greco.

The parties at the evidentiary hearing 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. Respondents Foster Jeffries and Karno are jointly and severally liable to Claimants, jointly, in the amount of \$115,397.01, plus simple interest at the rate of 8.00% per annum from March 1, 1998, until the award is paid, and attorneys' fees in the amount of

\$28,849.25. The amount awarded against these respondents shall be reduced by any amounts recovered by Claimants from any of the remaining respondents.

2. Claimants submitted a filing fee of \$300.00. Respondents Foster Jeffries and Karno are jointly and severally liable to Claimants, jointly, for the filing fee in the amount of \$300.00.
3. The Panel finds based on the evidence presented that Respondent Foster Jeffries is liable for violation of the North Carolina Securities Act (including control person provisions), negligent misrepresentation, fraud (including conspiracy to defraud), breach of fiduciary duty, negligence and gross negligence, constructive fraud, failure to supervise, breach of contract, and violations of the federal securities laws (including control person provisions).
4. The Panel finds based on the evidence presented that Respondent Karno is liable for violation of the North Carolina Securities Act (including control person provisions), fraud (including conspiracy to defraud), negligence and gross negligence, failure to supervise, and violations of the federal securities laws (including control person provisions).
5. As to Respondents Foster Jeffries and Karno, all other claims for relief not specifically addressed herein are denied in their entirety.
6. Claimants' requests for punitive damages are denied.
7. All other requests for relief not specifically addressed herein are 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	= \$300.00
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Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, Respondent Foster Jeffries was no longer a member firm at the time of service of the Statement of Claim. Therefore, member fees were not assessed to Respondent Foster Jeffries.

Adjournment Fees

Adjournments requested during these proceedings:

March 5, 2001, adjournment request by Claimants = \$200.00

The Panel waived the adjournment fee.

Forum Fees and Assessments

The Panel has the authority to assess forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,125.00 = \$1,125.00
Pre-hearing conference: October 26, 2000 1 session

One (1) Hearing sessions x \$1,125.00 = \$1,125.00
Hearing Date: March 5, 2001 1 session

Total Forum Fees = \$2,250.00

The Panel has assessed the total forum fees of \$2,250.00 jointly and severally to Respondents Foster Jeffries and Karno.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

FEE SUMMARY

Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee = \$ 300.00

Total Fees = \$ 300.00

Less payments = \$ 300.00

Balance Due NASD Dispute Resolution, Inc. = \$0.00

Respondents Foster Jeffries and Karno be and hereby are jointly and severally liable for:

Forum Fees = \$2,250.00

Total Fees = \$2,250.00

Less payments = \$ 0.00

Balance Due NASD Dispute Resolution, Inc. = \$2,250.00

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

ARBITRATION PANEL

Andrew O. Whiteman	-	Public Arbitrator, Presiding Chair
Christina Slaney Collison	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Andrew O. Whiteman
Public Arbitrator, Presiding Chair

Signature Date

/s/
Christina Slaney Collison
Non-Public Arbitrator

Signature Date

August 23, 2001
Date of Service

Balance Due NASD Dispute Resolution, Inc. = \$2,250.00

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

ARBITRATION PANEL

Andrew O. Whiteman
Christina Slaney Collison

- Public Arbitrator, Presiding Chair
- Non-Public Arbitrator

Concurring Arbitrators' Signatures

Andrew O. Whiteman

Andrew O. Whiteman
Public Arbitrator, Presiding Chair

P-22-01

Signature Date

Christina Slaney Collison

Christina Slaney Collison
Non-Public Arbitrator

8/20/2001

Signature Date

Date of Service