

**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Jack P. Lerner (Claimant)

v.

Walsh Manning Securities, LLC, Madison Capital Markets Corp., Royce Investment Group, Inc., and Glen Rosenbloom, (Respondents)

Case Number: 99-04482

Hearing Site: New York, New York

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**REPRESENTATION OF PARTIES**

Claimant, Jack P. Lerner, hereinafter referred to as "Claimant": Edward C. Kramer, Esq., Kramer & Kramer, New York, NY.

Respondent Royce Investment Group, Inc. ("Royce"): Lawrence S. Lebowitz, Esq., Wexler & Burkhart, P.C., Mitchel Field, NY.

Respondent Glen Rosenbloom ("Rosenbloom") appeared pro se. Previously represented by Lawrence S. Liebowitz, Esq., Wexler & Burkhart, P.C., Mitchel Field, NY.

Respondent Walsh Manning Securities, LLC ("Walsh"): Andrew F. Greitz, Jr., AFG Consultants, Boynton Beach, FL.

Respondent Madison Capital Markets Corp. ("Madison") did not enter an appearance in this matter.

**CASE INFORMATION**

Statement of Claim filed on or about: October 4, 1999.

Claimant signed the Uniform Submission Agreement: September 15, 1999.

Declaration in Opposition to Purported Motion to Dismiss filed by Claimant on or about: July 21, 2000.

Joint Statement of Answer and Motion to Dismiss filed by Respondents Royce and Rosenbloom on or about: June 12, 2000.

Reply to Claimants' Declaration in Opposition to Purported Motion to Dismiss filed by Respondents Royce and Rosenbloom on or about: August 3, 2000.

Statement of Answer filed by Respondent Rosenbloom on or about: March 17, 2000.

Rosenbloom signed the Uniform Submission Agreement: March 16, 2000.  
Royce did not sign a Uniform Submission Agreement.

Respondent Walsh did not file a Statement of Answer or sign a Uniform Submission Agreement.

Respondent Madison did not file a Statement of Answer or sign a Uniform Submission Agreement.

### **CASE SUMMARY**

Claimant asserted the following causes of action: unauthorized margin trading, misrepresentation, negligence, fraud, and breach of fiduciary duties.

Unless specifically admitted in their Answer, Respondents Royce and Rosenbloom denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in his Answer, Respondent Rosenbloom denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

Claimant requested:

1. Compensatory damages in the amount of at least \$1,000,000.00 with interest;
2. Punitive damages in the amount of \$500,000.00;
3. The costs and disbursements of this arbitration proceeding, and reasonable legal fees in this arbitration.

Respondents Royce and Rosenbloom requested that the Statement of Claim be dismissed in its entirety and all costs and forum fees assessed against Claimant.

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

Respondents Royce and Rosenbloom filed a Motion to Dismiss on February 12, 2002. The Panel granted the motion to the extent of dismissing Claimant's claims against Respondent Royce and dismissing Claimant's claims against Respondent Rosenbloom with respect to any losses incurred by Claimant after August 24, 1998.

Prior to the commencement of the hearings in this matter, Claimant served an Amended Statement of Claim that was accepted by the Panel.

Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators determined that Respondents Madison and Walsh 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 NASD Code of Arbitration Procedure (the "Code").

Respondents Royce, Walsh, and Madison did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

By letter dated July 5, 200, attorney Lawrence Liebowitz of Wexler & Burkhart advised NASD Dispute Resolution that he represented Rosenbloom for the period of Rosenbloom's employment by Royce.

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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims are hereby denied in their entirety.
2. All other requests for relief are hereby denied.

#### **FEES**

Pursuant to the Code, the following fees are assessed:

##### **Filing Fees**

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

Initial claim filing fee	= \$ 500.00
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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 firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Royce Investment Group, Inc., Walsh Manning Securities, Inc., and Madison Capital Markets Corp. are parties.

Royce Investment Group, Inc.

Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$4,500.00

Walsh Manning Securities Corp.

Member surcharge	= \$2,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$4,500.00

Madison Capital Markets Corp.

Member surcharge	= \$2,500.00
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**Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. A 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:

Two (2) Pre-hearing session with Panel @ \$1200.00	= \$2,400.00
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Pre-hearing conference:	January 11, 2001	1 session
	April 23, 2001	1 session

Three (3) Hearing sessions @ \$1200.00	= \$3,600.00
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Hearing Dates:	May 12, 2003	2 sessions
	December 3, 2002	1 session

Total Forum Fees	= \$6,000.00
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1. The Panel has assessed \$6,000.00 of the forum fees solely against Respondent Rosenbloom.

**Administrative Costs**

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

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|------------------------------------|-----------|
| 1. Claimant copying costs          | = \$22.50 |
| 2. Claimant tape duplication costs | = \$15.00 |

**Fee Summary**

1. Claimant Jack P. Lerner is solely liable for:

Initial Filing Fee	= \$ 500.00
<u>Administrative Costs</u>	= \$ 37.50
Total Fees	= \$ 537.50
<u>Less payments</u>	= \$1,700.00
Refund Due	= \$1,162.50
  
2. Respondent Rosenbloom is solely liable for:

Forum Fees	= \$6,000.00
Total Fees	= \$6,000.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$6,000.00
  
3. Respondent Madison is solely liable for:

Members Fees	= \$2,500.00
Total Fees	= \$2,500.00
<u>Less payments</u>	= \$ 362.12
Balance Due NASD Dispute Resolution	= \$2,137.88
  
4. Respondent Royce is solely liable for:

Members Fees	= \$5,100.00
Total Fees	= \$5,100.00
<u>Less Payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$5,100.00
  
5. Respondent Walsh is solely liable for:

Member Fees	= \$7,600.00
Total Fees	= \$7,600.00
<u>Less Payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$7,600.00

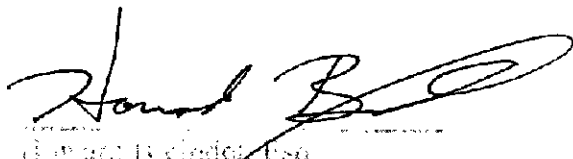
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.
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ARBITRATION PANEL

Howard Breinlich, Esq.	-	Public Arbitrator, Presiding Chair
Joseph A. Forcione	-	Public Arbitrator
Robert B. Senzale, Esq.	-	Non-Public Arbitrator

Concerning Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument in which is my award.



Howard Breinlich, Esq.  
Public Arbitrator, Presiding Chairperson

6/12/03

Signature Date

Joseph A. Forcione  
Public Arbitrator

Signature Date

Robert B. Senzale, Esq.  
Non-Public Arbitrator

Signature Date

June 17, 2003

Date of Service (for NASD Dispute Resolution use only)

NASD Dispute Resolution  
Arbitration No. 99-04482  
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**ARBITRATION PANEL**

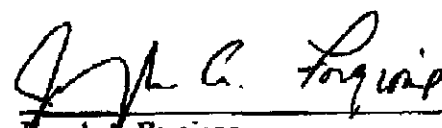
Howard Breindel, Esq.	-	Public Arbitrator, Presiding Chair
Joseph A. Forgione	-	Public Arbitrator
Robert B. Sensale, Esq.	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

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\_\_\_\_\_  
Howard Breindel, Esq.  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

  
\_\_\_\_\_  
Joseph A. Forgione  
Public Arbitrator

June 17, 2003  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Robert B. Sensale, Esq.  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

June 17, 2003

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Date of Service (For NASD Dispute Resolution use only)

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Joseph A. Forgione	-	Public Arbitrator
Robert B. Sensale, Esq.	-	Non-Public Arbitrator

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Howard Breindel, Esq.  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Joseph A. Forgione  
Public Arbitrator

\_\_\_\_\_  
Signature Date



Robert B. Sensale, Esq.  
Non-Public Arbitrator

6-17-03  
Signature Date

June 17, 2003

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Date of Service (For NASD Dispute Resolution use only)