Award

NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants
Paul Farmer
Claire Farmer
Paul Farmer Trust U/A DTD 12/16/85
Claire Farmer Rev. Trust U/A DTD 9/2/03

Case Number: 06-01103

Names of the Respondents
Pershing LLC/ Div. of DLJ Sec. Corp.
Raymond James & Associates, Inc.
Raymond James Financial Services, Inc.
Fareri Financial Services, Inc.
Anthony J. Fareri
Candace Sametini
John Vasiliadis

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For Paul Farmer, Claire Farmer, Paul Farmer Trust U/A DTD 12/16/85 and Claire Farmer Rev. Trust U/A DTD 9/2/03, hereinafter collectively referred to as "Claimants": Scott Silver, Esq., Blum & Silver, LLP, Coral Springs, Florida.

For Respondent Pershing LLC/ Div. of DLJ Sec. Corp. ("Pershing"): Coren H. Stern, Esq., Bressler, Amery & Ross, P.C., Miramar, Florida.

For Respondents Raymond James & Associates, Inc. ("RJ&A") and Raymond James Financial Services, Inc. ("RJFS"): George L. Guerra, Esq., Tate Lazarini Brady & Guerra, PLC, Tampa, Florida.

Respondents Fareri Financial Services, Inc. ("FFS"), Anthony J. Fareri ("Fareri"), Candace Sametini ("Sametini") and John Vasiliadis ("Vasiliadis"), appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: March 6, 2006.
Amended Statement of Claim filed by Claimants on or about: September 12, 2006.
Claimants signed the Uniform Submission Agreement: March 8, 2006.
Statement of Answer filed by Respondent Pershing on or about: May 16, 2006.
Statement of Answer, Motion to Dismiss and Motion for a More Definite Statement filed by Respondent RJ&A on or about: June 15, 2006.

Respondent RJFS did not file a Statement of Answer.
Statement of Answer, Motion for a More Definite Statement and Motion to Dismiss filed by Respondents FFS, Fareri, Sametini and Vasiliadis on or about: July 28, 2006.
Respondent Pershing signed the Uniform Submission Agreement: April 5, 2006.
Respondent RJ&A signed the Uniform Submission Agreement: June 23, 2006.
Respondent RJFS signed the Uniform Submission Agreement: May 2, 2006.
Respondents FFS, Fareri, Sametini and Vasiliadis did not file signed Uniform Submission Agreements.
Motion for Disqualification and Motion to Stay or Extend Time to Respond to the Statement of Claim filed by Respondents FFS, Fareri, Sametini and Vasiliadis on or about: April 27, 2006.
Response to Motion For Disqualification and Motion to Stay filed by Claimants on or about: June 1, 2006.
Response in Further Support of their Reply to Motion to Stay and Motion for Sanctions against Respondent Fareri filed by Claimants on or about: July 19, 2006.
Response to RJ&A's Motion to Dismiss, or in the alternative, Motion for More Definite Statement filed by Claimants on or about: July 12, 2006.
Response to Respondents FFS, Fareri, Sametini and Vasiliadis' Motion to Dismiss filed by Claimants on or about: September 1, 2006.
Motion for Default filed by Claimants on or about: July 13, 2006.
Response to Motion for Default filed by Respondents FFS, Fareri, Sametini and Vasiliadis on or about: July 28, 2006.
Motion to Dismiss filed by Respondent Pershing on or about: August 2, 2006.
Supplement to its Motion to Dismiss filed by Respondent Pershing on or about: September 15, 2006.
Brief in Support of its Motion to Dismiss, or in the alternative, Motion for More Definite Statement , filed by Respondent RJ&A on or about: September 25, 2006.
Opposition to Brief in Support of RJ&A's Motion to Dismiss, or in the alternative, Motion for More Definite Statement filed by Claimants on or about: September 29, 2006.
Motion for Sanctions (Second Motion for Sanctions) filed by Claimants on or about: November 22, 2006.
Response to Motion for Sanctions (Second Motion for Sanctions) filed by Respondent Fareri on or about: December 4, 2006.

CASE SUMMARY

Claimants asserted the following causes of action: 1)violation of NYSE Rule 405 and NASD Rule 2310; 2) breach of contract 3) violation of Florida Statutes, Chapter 517; 4) breach of fiduciary duty; 5) common law fraud; 6) negligence; and, 7) negligent hiring, retention and supervision. The causes of action relate to the purchase of various stocks including, but not limited to, American Financial Holdings, Inc. and Secure Solutions in Claimants' accounts.

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

RELIEF REQUESTED

Claimants requested an unspecified amount of compensatory damages, interest at the legal rate from the date of purchase or reasonable market return, rescission, punitive damages, attorney's fees in an amount to be determined by a court of competent jurisdiction, costs and for such other relief as the Panel deemed just and proper.

Respondent Pershing requested that the Statement of Claim be dismissed in its entirety, with prejudice, that the Panel assess all costs against Claimants and an award of such other relief as the Panel deemed appropriate.

Respondent RJ&A requested that the Statement of Claim be dismissed, that an award be entered in its favor, pursuant to applicable laws. In addition, Respondent stated its intent to seek attorneys' fees in a court of competent jurisdiction.

Respondents FFS, Fareri, Sametini and Vasiliadis requested that the Statement of Claim be dismissed in its entirety, that the Panel assess all forum fees and costs against Claimants and that the Panel make an affirmative finding that said Respondents are the prevailing parties under Florida Statutes, Chapter 517, thereby permitting them to seek an award of attorneys' fees from a court of competent jurisdiction and such further relief as the Panel deemed just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents FFS, Fareri, Sametini and Vasiliadis did not file with NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and, having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

Upon review of the file and the representations made by/on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Respondents FFS, Fareri, Sametini and Vasiliadis 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 July 3, 2006, the Panel issued a ruling stating that the Panel does not have jurisdiction to determine Respondents FFS, Fareri, Sametini and Vasiliadis' Motion for Disqualification and that the Panel would accept the decision of the Circuit Court judge as to this issue. Subsequently, said Respondents' Motion for Disqualification was denied.

On or about August 18, 2006, the Panel issued an Order that granted Respondents' Motion for a More Definite Statement of Claim and denied Respondents FFS, Fareri, Sametini and Vasiliadis' Motion to Stay. In addition, the Panel stated that rulings on the Motions to Dismiss would be deferred until after an Amended Statement of Claim is filed.

On or about September 19, 2006, the Panel issued an Order that denied Claimants' Motion for Sanctions.

On or about October 13, 2006, the Panel issued an Order that granted Respondent Pershing's Motion to Dismiss.

On or about October 17, 2006, Claimants advised NASD Dispute Resolution that they withdrew their claims against Respondent RJ&A.

On or about December 4, 2006, Claimants notified NASD Dispute Resolution that they were withdrawing their claims against Respondent RJFS.

On or about December 11, 2006, the Panel issued an Order that deferred ruling on Claimants' Motion for Sanctions until the evidentiary hearings.

On December 15, 2006, Respondents FFS, Fareri, Sametini and Vasiliadis filed a Motion for Postponement of the evidentiary hearings scheduled to commence on December 18, 2006, based on lack of counsel and the appointment of a replacement arbitrator. The Panel denied the motion.

During the evidentiary hearings, Claimants withdrew the claims of Claimant Claire Farmer. Further, the Panel denied Claimants' Motion for Sanctions (Second Motion for Sanctions).

The Panel notes that Respondent Fareri appeared briefly at the evidentiary hearing and requested a postponement. After the Panel ruled that the postponement was denied, Respondent Fareri stated that he would not remain without counsel and left the conference room.

The parties have agreed that the Award in this matter may be entered in counterpart copies or that a signed handwritten 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:

Respondents FFS, Fareri, Sametini and Vasiliadis are jointly and severally liable for fraudulent conduct and unauthorized transactions, without disclosure of the risks, and shall pay to Claimant Paul Farmer compensatory damages in the amount of $1,130,000.00. Said amount includes $250,000.00 for the investment in Secure Solutions, $225,000.00 for the investment in American Financial. $185,000.00 for the investment in American Financial Checks for restricted stock and $470,000.00 in commissions, plus interest on the total amount at the statutory rate in the state of Florida from July 15, 2005 until the date of payment of the Award.

Respondents FFS and Fareri are jointly and severally liable for intentional misconduct and shall pay

to Claimant Paul Farmer punitive damages in the amount of $565,000.00. Punitive damages are awarded pursuant to Florida Statutes 768.72, Section (2)(a). These Respondents had actual knowledge of the wrongfulness of their conduct and were aware of the high probability that injury or damage to the Claimant would result and, despite that knowledge, intentionally pursued their course of conduct.

Respondents FFS, Fareri, Sametini and Vasiliadis are jointly and severally liable and shall pay to Claimant Paul Farmer attorney's fees pursuant to Florida Statutes 517.211, in an amount to be determined by a court of competent jurisdiction.

Any and all claims for relief not specifically addressed herein, are 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	= $ 250.00

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 person at the time of the events giving rise to the dispute. Accordingly, Respondent Pershing is a party to this dispute and was a member of NASD at the time the following fees were assessed:

Member surcharge	= $ 1,500.00
Pre-hearing process fee	= $ 750.00
Hearing process fee	= $ 2,200.00
Total Member Fees	= $ 4,450.00

Respondent RJ&A is a party to this dispute and was a member of NASD at the time the following fees were assessed:

Member surcharge	= $ 1,500.00
Pre-hearing process fee	= $ 750.00
Hearing process fee	= $ 2,200.00
Total Member Fees	= $ 4,450.00

Respondent RJFS is a party to this dispute and was a member of NASD at the time the following fees were assessed:

Member surcharge	= $ 1,500.00
Pre-hearing process fee	= $ 750.00
Hearing process fee	= $ 2,200.00
Total Member Fees	= $ 4,450.00

Respondent FFS is a party to this dispute and actively participated at the time the following fees were assessed:

Member surcharge	= $ 1,500.00
Pre-hearing process fee	= $ 750.00
Hearing process fee	= $ 2,200.00
Total Member Fees	= $ 4,450.00

Adjournment Fees
Adjournments granted during these proceedings for which fees were assessed:

No requests for adjournments were granted in this matter.

Three-Day Cancellation Fees
Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

No cancellation fees were assessed in this matter.

Injunctive Relief Fees
Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

No injunctive relief fees were incurred during this proceeding.

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:

One (1) Decision on discovery-related motions on the papers with one (1) Arbitrator @$200.00 Claimant submitted one (1) discovery-related motion			=$ 200.00
Four (4) Pre-hearing sessions with the Panel @ $1,000.00/session			= $4,000.00
Pre-hearing conferences:	June 30, 2006	1 session	
	September 18, 2006	2 sessions	
	October 24, 2006	1 session	
Four (4) Hearing sessions with the Panel @ $1,000.00/session			= $4,000.00
Hearing Dates:	November 20, 2006	2 sessions	
	December 18, 2006	2 sessions	
Total Forum Fees			= $8,200.00

The Panel has assessed $2,050.00 of the forum fees to Respondent RJFS.
The Panel has assessed $6,150.00 of the forum fees jointly and severally to Respondents FFS, Fareri, Sametini and Vasiliadis.

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.

No administrative costs were incurred during this proceeding.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= $ 225.00
Total Fees	= $ 225.00
Less payments	= $ 225.00
Balance Due NASD Dispute Resolution	= $ 0.00

Respondent Pershing is solely liable for:

Member Fees	= $ 4,450.00
Total Fees	= $ 4,450.00
Less payments	= $ 4,450.00
Balance Due NASD Dispute Resolution	= $ 0.00

Respondent RJ&A is solely liable for:

Member Fees	= $ 4,450.00
Total Fees	= $ 4,450.00
Less payments	= $ 4,450.00
Balance Due NASD Dispute Resolution	= $ 0.00

Respondent RJFS is solely liable for:

Member Fees	= $ 4,450.00
Forum Fees	= $ 2,050.00
Total Fees	= $ 6,500.00
Less payments	= $ 4,450.00
Balance Due NASD Dispute Resolution	= $ 2,050.00

Respondent FFS is solely liable for:

Member Fees	= $ 4,450.00
Total Fees	= $ 4,450.00
Less payments	= $ 4,450.00
Balance Due NASD Dispute Resolution	= $ 0.00

Respondents FFS, Fareri, Sametini and Vasiliadis are jointly and severally liable for:

Forum Fees	= $ 6,150.00
Total Fees	= $ 6,150.00
Less payments	= $ 0.00
Balance Due NASD Dispute Resolution	= $ 6,150.00

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

ARBITRATION PANEL

Ellen J. Abrams	-	*Public Arbitrator, Presiding Chairperson*
Marie Paulette Levine	-	*Public Arbitrator*
Robert M. Reback	-	*Non-Public Arbitrator*

Concurring Arbitrators' Signatures

/s/
Ellen J. Abrams
Public Arbitrator, Presiding Chairperson

12/20/06
Signature Date

/s/
Marie Paulette Levine
Public Arbitrator

12/19/06
Signature Date

/s/
Robert M. Reback
Non-Public Arbitrator

12/19/06
Signature Date

12/22/06
Date of Service (For NASD Dispute Resolution office use only)

Total Fees
= $ 6,150.00
Less payments
= $ 0.00
Balance Due NASD Dispute Resolution
= $ 6,150.00

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Marie Paulette Levine - *Public Arbitrator*
Robert M. Reback - *Non-Public Arbitrator*

Concurring Arbitrators' Signatures

Ellen J. Abrams
Public Arbitrator, Presiding Chairperson

1/20/06
Signature Date

Marie Paulette Levine
Public Arbitrator

Signature Date

Robert M. Reback
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

Respondents FFS, Fereri, Sametini and Vasiliadis are jointly and severally liable for:

Forum Fees	= $ 6,150.00
Total Fees	= $ 6,150.00
Less payments	= $ 0.00
Balance Due NASD Dispute Resolution	= $ 6,150.00

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Public Arbitrator, Presiding Chairperson

Signature Date

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Public Arbitrator

12-19-2006
Signature Date

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Non-Public Arbitrator

Signature Date

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Forum Fees	= $ 6,150.00
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Marie Paulette Levine - *Public Arbitrator*
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Ellen J. Abrams
Public Arbitrator, Presiding Chairperson

Signature Date

Marie Paulette Levine
Public Arbitrator

Signature Date

Robert M. Reback
Non-Public Arbitrator

12/19/2006
Signature Date

Date of Service (For NASD Dispute Resolution office use only)