

AWARD
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Names of Claimants

Alberto Ferrero and Qingwen Li

vs.

Case Number: 10-01505
Hearing Site: Southfield, Michigan

Name of Respondent

CCO Investment Services Corp.

NATURE OF THE DISPUTE

Customers vs. Member

REPRESENTATION OF PARTIES

Alberto Ferrero and Qingwen Li ("Claimants") were represented by Ronald H. Thrash, Esq. and David Miller, Esq., Shepherd, Smith, Edwards & Kantas, LLP, Houston, Texas

CCO Investment Services Corp. ("Respondent") was represented by Jarrod D. Shaw, Esq. and John Powers, Esq., Reed Smith LLP, Pittsburgh, Pennsylvania.

CASE INFORMATION

The Statement of Claim was filed on or about March 15, 2010. The Submission Agreement of Claimants was signed on or about March 15, 2010.

The Statement of Answer was filed by Respondent on or about June 10, 2010. The Submission Agreement of Respondent was signed on or about June 10, 2010.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract and warranties; promissory estoppel; unfair trade and deceptive practices; violations of state securities statutes; violations of state fraud statutes; and claims under common law, including intentional and negligent misrepresentations, unjust enrichment, breach of fiduciary duty, and negligence. Claimants also asserted theories of secondary liability under various doctrines. The causes of action related to the sale of Omax, which Claimants alleged was a high risk junk municipal fund that was misrepresented to them by Respondent and unsuitable for their investment needs.

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

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$100,000.00
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified
Other Non-Monetary Relief	Rescission

At the close of the hearing, Claimants requested an award in the amount of \$60,556.00, plus additional damages (including interest, attorneys' fees, and expenses) of \$60,404.00.

Respondent requested that the claims asserted against it be denied in their entirety.

OTHER ISSUES CONSIDERED & DECIDED

The Arbitrator acknowledges that he has read the pleadings and other materials filed by the parties.

AWARD

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

- 1.) Respondent, CCO Investment Services Corp., is liable for and shall pay to Claimants, Alberto Ferrero and Qingwen Li, the sum of \$50,000.00 in compensatory damages.
- 2.) Respondent, CCO Investment Services Corp., is liable for and shall pay to Claimants, Alberto Ferrero and Qingwen Li, the sum of \$4,000.00 in expert witness fee costs;
- 3.) Respondent, CCO Investment Services Corp., is liable for and shall pay to Claimants, Alberto Ferrero and Qingwen Li, the sum of \$225.00 in costs for the non-refundable portion of the FINRA Filing Fee;
- 4.) Respondent, CCO Investment Services Corp., is liable for and shall pay to Claimants, Alberto Ferrero and Qingwen Li, the sum of \$17,500.00 in attorneys' fees pursuant to Michigan state securities statutes;

- 5.) Any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice; and
- 6.) The following explanation of the Arbitrator's decision in this Award is for the information of the parties only and is not precedential in nature:

Claimants are recent immigrants to the United States and they had very limited investment experience. Claimants went to their bank to roll over their CD. The bank directed them to a registered representative. Claimants' primary objective was capital preservation. The broker recommended a solicited trade placing one third of Claimants' net worth in one speculative fund. The broker made material misrepresentations and omissions concerning risk. Claimants lost approximately 50% of their investment in 18 months. The broker invested Claimants' whole account into one high risk junk municipal bond fund.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial Claim filing fee	= \$ 975.00
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**The filing fee is made up of a non-refundable and a refundable portion.*

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. Accordingly, as a party, CCO Investment Services Corp. is assessed the following:

Member surcharge	= \$ 1,100.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 1,700.00

Discovery-Related Motion Fees

Fees apply for each decision rendered on a discovery-related motion.

One (1) Decision on a discovery-related motion on the papers with one (1) arbitrator @ \$200.00	= \$	200.00
<u>Claimants submitted one (1) discovery-related motion</u>		
<u>Total Discovery-Related Motion Fees</u>	<u>= \$</u>	<u>200.00</u>

The Arbitrator has assessed \$200.00 of the discovery-related motion fees to CCO Investment Services Corp.

Hearing Session Fees and Assessments

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

Two (2) Pre-hearing sessions with a single arbitrator x \$450.00	= \$	900.00
Pre-hearing conferences: August 25, 2010	1 session	
April 25, 2012	1 session	
Four (4) Hearing sessions x \$450.00	= \$	1,800.00
Hearing Dates: November 6, 2012	2 sessions	
November 7, 2012	2 sessions	
<u>Total Hearing Session Fees</u>	<u>= \$</u>	<u>2,700.00</u>

The Arbitrator has assessed \$2,700.00 of the hearing session fees to CCO Investment Services Corp.

All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATOR

James P. Graven - Public Arbitrator, Presiding Chair

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

Arbitrator's Signature:

/s/ James P. Graven
James P. Graven
Public Arbitrator, Presiding Chair

11/15/12
Signature Date


11/15/12
Date of Service (For FINRA office use only)

ARBITRATOR

James P. Graven - Public Arbitrator, Presiding Chair

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

Arbitrator's Signature:


James P. Graven
Public Arbitrator, Presiding Chair

11-15-2012
Signature Date

Date of Service (For FINRA office use only)