

Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimant
Timothy McLaughlin

Case Number: 16-01806

vs.

Respondents
Northeast Securities, Inc.
Stephen Joseph Perrone
Diane Hawkins
Jonathan Michael Zucker

Hearing Site: New York, New York

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

This case was decided by an all-public panel.

REPRESENTATION OF PARTIES

For Claimant Timothy McLaughlin: Gene L. Small, Esq., Small & Calvo, New York, New York.

For Respondents Northeast Securities, Inc. ("Northeast"), Stephen Joseph Perrone ("Perrone"), Diane Hawkins ("Hawkins"), and Jonathan Michael Zucker ("Zucker"), hereinafter collectively referred to as "Respondents": Charles M. O'Rourke, Esq., Law Offices of Charles M. O'Rourke, Woodbury, New York.

CASE INFORMATION

Statement of Claim filed on or about: June 24, 2016.

Timothy McLaughlin signed the Submission Agreement: June 20, 2016.

Joint Statement of Answer filed by Respondents on or about: August 29, 2016.

Northeast Securities, Inc. signed the Submission Agreement: August 18, 2016.

Stephen Joseph Perrone signed the Submission Agreement: August 18, 2016.

Diane Hawkins signed the Submission Agreement: August 10, 2016.

Jonathan Michael Zucker signed the Submission Agreement: August 3, 2016.

CASE SUMMARY

Claimant asserted the following causes of action: common law fraud, churning, breach of fiduciary duty, misrepresentation, negligence, gross negligence; negligent misrepresentation, respondent superior; failure to supervise; and violation of FINRA and SEC rules. The causes of action relate to corporate bonds.

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

RELIEF REQUESTED

In the Statement of Claim, Claimant requested compensatory damages in the amount of \$3,000,000.00; disgorgement of Respondents' compensation including a return of all commissions and margin interest charges; punitive damages; damages pursuant to applicable federal and state securities laws; pre-judgment interest at the New York statutory rate of 9%; attorneys' fees; all costs, expert and witness fees, and administrative expenses; and any other and further relief the Panel deems just and equitable under the circumstances.

In the Statement of Answer, Respondents requested dismissal of the Statement of Claim in its entirety and expungement of Perrone, Hawkins, and Zucker's CRD records.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

By correspondence dated February 21, 2017, Claimant filed a Motion for Sanctions. Respondents objected to Claimant's Motion. After due deliberation and by Order dated March 14, 2017, the Panel denied Claimant's Motion for Sanctions.

By correspondence dated June 7, 2017, Claimant filed a Motion for a disciplinary referral to FINRA; an Adverse Inference based upon a failure to produce phone records, and monetary sanctions based upon Respondents' violation of FINRA Rule 2010 for refusing to produce presumptively discoverable documents pursuant to Discovery Guide List 1 item 4. Respondents objected to Claimant's Motion. After due deliberation, the Panel denied Claimant's Motion.

The parties present at the hearing 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. Respondents are jointly and severally liable for and shall pay to Claimant the sum of \$1,758,000.00 in compensatory damages.
2. Respondents are jointly and severally liable for and shall pay to Claimant interest on the award in item #1 at the rate of 9% per annum from March 1, 2012 until the award is paid.

3. Respondents are jointly and severally liable and shall pay to Claimant expert witness fees in the amount of \$33,840.00.
4. Perrone's request for expungement of his CRD records is denied.
5. Hawkins' request for expungement of her CRD records is denied.
6. Zucker's request for expungement of his CRD records is denied.
7. Any and all claims for relief not specifically addressed herein, including punitive damages and attorneys' fees, are denied.

FEES

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

Filing Fees

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

Initial Claim Filing Fee	= \$ 2,000.00
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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, Northeast Securities, Inc. is assessed the following:

Member Surcharge	= \$ 3,025.00
Member Process Fee	= \$ 6,175.00

Discovery-Related Motion Fee

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/decision	= \$ 200.00
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Respondents submitted one (1) discovery-related motion

Total Discovery-Related Motion Fees	= \$ 200.00
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The Panel has assessed the \$200.00 discovery-related motion fees jointly and severally to Respondents.

Hearing Session Fees and Assessments

The Panel has assessed hearing session 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 sessions with a single arbitrator @ \$450.00/session	=	\$ 900.00
Pre-hearing conferences:		
January 18, 2017	1 session	
April 6, 2017	1 session	
One (1) pre-hearing session with the Panel @ \$1,400.00/session	=	\$ 1,400.00
Pre-hearing conference:		
October 18, 2016	1 session	
Seventeen (17) hearing sessions @ \$1,400.00/session	=	\$23,800.00
Hearing Dates:		
April 26, 2017	2 sessions	
April 27, 2017	2 sessions	
April 28, 2017	2 sessions	
May 1, 2017	2 sessions	
May 2, 2017	2 sessions	
May 3, 2017	2 sessions	
June 26, 2017	2 sessions	
June 27, 2017	2 sessions	
June 28, 2017	1 session	

Total Hearing Session Fees =\$26,100.00

1. The Panel has assessed \$13,050.00 of the hearing session fees to Claimant.
2. The Panel has assessed \$13,050.00 of the hearing session fees jointly and severally to Respondents.

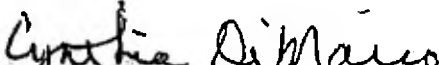
All balances are payable to FINRA Office of Dispute Resolution and are due upon receipt.

ARBITRATION PANEL


Cynthia A. DiMarco	-	Public Arbitrator, Presiding Chairperson
Franklin P. Chapman	-	Public Arbitrator
Ernesto V. Luzzatto	-	Public Arbitrator

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 which is my award.

Concurring Arbitrators' Signatures



Cynthia A. DiMarco
Public Arbitrator, Presiding Chairperson



Signature Date

Franklin P. Chapman
Public Arbitrator

Signature Date

Ernesto V. Luzzatto
Public Arbitrator

Signature Date

July 10, 2017
Date of Service (For FINRA Office of Dispute Resolution office use only)

ARBITRATION PANEL

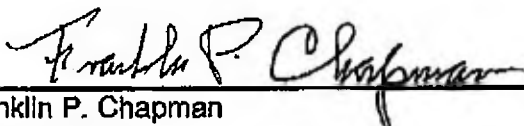
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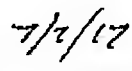
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Public Arbitrator



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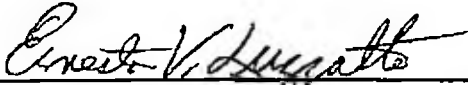
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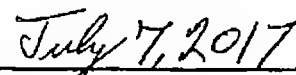
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Public Arbitrator



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