

**Award**  
**FINRA Office of Dispute Resolution**

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In the Matter of the Arbitration Between:

Claimant  
Cathy Carter

Case Number: 17-03339

vs.

Respondents  
Royal Alliance Associates, Inc.  
Gary John Basralian

Hearing Site: Manchester, New  
Hampshire

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

This case was decided by an all-public panel.

**REPRESENTATION OF PARTIES**

For Claimant Cathy Carter: Jonathan Kurta, Esq. and Marc Fitapelli, Esq., Fitapelli Kurta, New York, New York.

For Respondent Royal Alliance Associates, Inc. "Royal Alliance": Brian J. Palmeri, Esq. and Steven Mellen, Esq., Winget Spadafora & Schwartzberg, LLP, Stamford, Connecticut.

For Respondent Gary John Basralian: Sam Braverman, Esq., Fasulo Braverman & DiMaggio, New York, New York.

**CASE INFORMATION**

Statement of Claim filed on or about: December 12, 2017.

Amended Statement of Claim filed on or about: February 12, 2018.

Second Amended Statement of Claim filed on or about: July 2, 2018.

Claimant signed the Submission Agreement: December 11, 2017.

Statement of Answer filed by Respondent Royal Alliance Associates, Inc. on or about: February 5, 2018.

Amended Statement of Answer and Cross-Claim filed by Respondent Royal Alliance Associates, Inc. on or about: February 12, 2018.

Answer to Amended Statement of Claim and Cross-Claim filed by Respondent Royal Alliance Associates, Inc. on or about: March 4, 2018.

Answer to Second Amended Statement of Claim filed by Respondent Royal Alliance Associates, Inc. on or about: August 8, 2018.

Royal Alliance Associates, Inc. signed the Submission Agreement: February 5, 2018.

Respondent Gary John Basralian did not sign the Submission Agreement or file a Statement of Answer.

### **CASE SUMMARY**

In the Statement of Claim, Claimant asserted the following causes of action: negligent supervision, violations of the Racketeer Influenced and Corrupt Organizations Act (RICO), common law fraud, breach of contract, conversion, and violation of the New Hampshire Securities Act. The causes of action relate to various securities.

In the Amended Statement of Claim and Second Amended Statement of Claim, Claimant asserted the following causes of action: conversion, negligent supervision, violations of the Racketeer Influenced and Corrupt Organizations Act (RICO), common law fraud, breach of contract, conversion, and violation of the New Hampshire Securities Act.

Unless specifically admitted in the Statement of Answer and Amended Answers, Respondent Royal Alliance Associates, Inc. denied the allegations made in the Statement of Claim, Amended Statement of Claim, and Second Amended Statement of Claim and asserted various affirmative defenses.

In its Cross-Claim, Respondent Royal Alliance Associates, Inc. asserted the following cause of action: contractual indemnity.

### **RELIEF REQUESTED**

In the Statement of Claim, Amended Statement of Claim, and Second Amended Statement of Claim, Claimant requested unspecified compensatory, treble and punitive damages, pre-judgment interest, attorneys' fees, costs, and such other and further relief as deemed just and proper.

In its Answer, Amended Answer, and Cross-Claim, Respondent Royal Alliance Associates, Inc. requested that the Panel dismiss the Statement of Claim in its entirety as against it; if not dismissed, entering an order directing Mr. Basralian to indemnify Royal Alliance in the event monetary damages are awarded to the Claimant, and costs, attorneys' fees and such other and further relief as deemed just and proper.

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

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

On November 20, 2018, Claimant opted to proceed against Respondent Gary John Basralian pursuant to Rule 12801 of the Code of Arbitration Procedure. Claimant's claims against Respondent Gary John Basralian were therefore bifurcated from this matter.

On January 14, 2019, Respondent Royal Alliance withdrew without prejudice its Cross-Claim against Gary John Basralian.

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. Respondent Royal Alliance Associates, Inc. is liable for and shall pay to Claimant the sum of \$2,113,665.00 in compensatory damages, as per the offer of judgment made by Royal Alliance Associates, Inc. and accepted by Claimant.
2. Respondent Royal Alliance Associates, Inc. is liable for and shall pay to Claimant the sum of \$15,277.55 in costs.
3. Respondent Royal Alliance Associates, Inc. is liable for and shall pay to Claimant the sum of \$500,000.00 in attorneys' fees pursuant to the offer of judgment made under FRCP 68, which provides for counsel fees and costs. Also, one of the underlying claims was for RICO violations, which provides for fee shifting.
4. Respondent is liable for and shall reimburse Claimant for the \$1,200.00 non-refundable filing fee.
5. Any and all claims for relief not specifically addressed herein, including punitive damages/treble damages, 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	= \$ 1,575.00
Cross Claim Filing Fee	= \$ 1,700.00

\*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 person at the time of the events giving rise to the dispute. Accordingly, as a party, Respondent Royal Alliance Associates, Inc. is assessed the following:

Member Surcharge	= \$ 1,900.00
Member Process Fee	= \$ 3,750.00

**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: August 24, 2018	1 session
November 1, 2018	1 session

Two (2) pre-hearing sessions with the Panel @ \$1,125.00/session	= \$2,250.00
Pre-hearing conferences: April 9, 2018	1 session
November 30, 2018	1 session

Two (2) hearing sessions @ \$1,125.00/session	= \$2,250.00
Hearing Date: December 12, 2018	2 sessions

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Total Hearing Session Fees	= \$5,400.00
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The Panel assessed the \$5,400.00 hearing session fees to the Respondent Royal Alliance Associates, Inc.

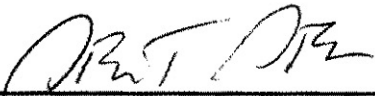
All balances are payable to FINRA Office of Dispute Resolution and are due upon receipt.

**ARBITRATION PANEL**

Steven T. Stern	-	Public Arbitrator, Presiding Chairperson
Ronald L. Cheney	-	Public Arbitrator
William Norton	-	Public Arbitrator

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

**Concurring Arbitrators' Signatures**

  
\_\_\_\_\_  
Steven T. Stern  
Public Arbitrator, Presiding Chairperson

1/14/19  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Ronald L. Cheney  
Public Arbitrator

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

\_\_\_\_\_  
William Norton  
Public Arbitrator

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

January 15, 2019

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Date of Service (For FINRA Office of Dispute Resolution office use only)

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