

**Award  
FINRA Dispute Resolution**

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In the Matter of the Arbitration Between:

Claimants

James R. Briggs  
Louisa B. Briggs

Case Number: 13-02069

vs.

Respondents

Brookstone Securities, Inc.  
Craig Scott Capital, LLC  
Zachary T. Bader  
David Charles Cannata  
David William Locy  
Brent Morgan Porges  
Craig Scott Taddonio

Hearing Site: Providence, Rhode Island

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Nature of the Dispute: Customers vs. Members and Associated Persons

This case was decided by a majority-public panel.

**REPRESENTATION OF PARTIES**

For Claimants James R. Briggs, and Louisa B. Briggs: Stacey P. Nakasian, Esq., Duffy & Sweeney, Ltd., Providence, Rhode Island.

For Respondents Craig Scott Capital, LLC ("Craig Scott"), David Charles Cannata ("Cannata"), Brent Morgan Porges ("Porges"), and Craig Scott Taddonio ("Taddonio"): Harry Delagrammatikas, Esq., McCormick & O'Brien LLP, New York, New York.

For Respondents Brookstone Securities, Inc. ("Brookstone Securities"), and David William Locy ("Locy"): William M. Dolan, III, Esq., Donoghue Barrett & Singal, P.C., Providence, Rhode Island.

For Respondent Zachary T. Bader ("Bader"): Timothy Feil, Esq., Finkelstein & Feil, P.C., Garden City, New York.

### **CASE INFORMATION**

Statement of Claim filed on or about: July 15, 2013.

Louisa B. Briggs signed the Submission Agreement: July 3, 2013.

James R. Briggs signed the Submission Agreement: July 3, 2013.

Joint Statement of Answer filed by Respondents Craig Scott, Taddonio, Porges, and Cannata on or about: September 5, 2013.

Craig Scott signed the Submission Agreement: September 11, 2013.

Cannata signed the Submission Agreement: September 12, 2013.

Porges signed the Submission Agreement: September 11, 2013.

Taddonio signed the Submission Agreement: September 11, 2013.

Joint Statement of Answer filed by Respondents Brookstone Securities and Locy on or about: September 6, 2013.

Brookstone Securities signed the Submission Agreement: January 14, 2015.

Locy signed the Submission Agreement: January 14, 2015.

Bader did not submit an Answer or sign the Submission Agreement.

### **CASE SUMMARY**

Claimants asserted the following causes of action: failure to supervise, negligence, breach of fiduciary duty, churning, unsuitability, and unauthorized trading.

The causes of action relate to unspecified securities.

Unless specifically admitted in their Answer, Respondents Craig Scott, Taddonio, Porges, and Cannata denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in their Answer, Respondents Brookstone Securities and Locy denied the allegations made in the Statement of Claim.

### **RELIEF REQUESTED**

In the Statement of Claim, Claimants requested compensatory damages in the amount of \$325,000.00, punitive damages in the amount of \$675,000.00, attorneys' fees, and costs.

Respondents Craig Scott, Taddonio, Porges, and Cannata requested dismissal of Claimants' Statement of Claim in its entirety, reasonable attorneys' fees, and such other and further relief as is 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 or about September 30, 2013, Claimants withdrew their claims against Respondent Bader.

After the conclusion of Claimant's case-in-chief, Locy requested dismissal of the Statement of Claim. After due deliberation, the Panel denied the Motion since Locy was CEO and Principal at Brookstone and in his answer to the complaint did not aver that his position was misnamed.

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. Respondents Brookstone, Cannata, Taddonio, and Locy are jointly and severally liable for and shall pay to James Briggs compensatory damages in the amount of \$220,639.00.
2. Respondents Brookstone, Cannata, Taddonio, and Locy are jointly and severally liable for and shall pay to Claimants compensatory damages in the amount of \$9,871.00.
3. Respondents Craig Scott, Cannata, Taddonio, and Porges are jointly and severally liable for and shall pay to Claimant James L. Briggs compensatory damages in the amount of \$107,944.00.
4. Respondents Brookstone, Craig Scott, Cannata, Locy, Porges, and Taddonio are jointly and severally liable for and shall pay to Claimants punitive damages in the amount of \$100,000.00. The Panel awarded punitive damages pursuant to New York Law (Dupree v. Giugliano 20 N.Y.3d 921, 294 (2012)).
5. Any and all relief not specifically addressed herein is denied.

## **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	=\$ 1,575.00
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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 firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, as parties, Brookstone Securities, Inc. and Craig Scott Capital, LLC are each assessed the following:

Member Surcharge	=\$ 2,250.00
Pre-Hearing Processing Fee	=\$ 750.00
Hearing Processing Fee	=\$ 4,000.00

### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

<u>October 7-10, 14-16, 2014 adjournment by Brookstone Securities and Locy</u>	<u>=\$ 1,200.00</u>
Total Adjournment Fees	=\$ 1,200.00

The Panel assessed the \$1,200.00 adjournment fees jointly and severally to Brookstone Securities and Locy.

### **Discovery-Related Motion Fees**

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

Two (2) Decisions on discovery-related motions on the papers with (1) one arbitrator @ \$200.00	=\$ 400.00
Respondents Brookstone Securities, Craig Scott, Cannata, Locy, Porges, and Taddonio submitted (2) discovery-related motions	
<u>Total Discovery-Related Motion Fees</u>	<u>=\$ 400.00</u>

The Panel has assessed the \$400.00 discovery-related motion fees jointly and severally to Respondents Brookstone Securities, Craig Scott, Cannata, Locy, Porges, and Taddonio.

### **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:

Three (3) Pre-hearing sessions with the Panel @ \$1,200.00/session	= \$ 3,600.00
Pre-hearing conferences: December 10, 2013	1 session
October 2, 2014	1 session
January 12, 2015	1 session
Thirteen (13) Hearing sessions @ \$1,200.00/session	= \$15,600.00
Hearing Dates: March 24, 2015	2 sessions
March 25, 2015	2 sessions
March 26, 2015	2 sessions
March 31, 2015	2 sessions
April 1, 2015	2 sessions
April 2, 2015	2 sessions
April 17, 2015	1 session
Total Hearing Session Fees	= \$19,200.00

1. The Panel has assessed the \$19,200.00 hearing session fees jointly and severally to Respondents Brookstone Securities, Craig Scott, Cannata, Locy, Porges, and Taddonio.

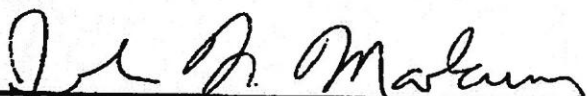
All balances are payable to FINRA Dispute Resolution and are due upon receipt.

**ARBITRATION PANEL**

John Francis Markuns	-	Public Arbitrator, Presiding Chairperson
B. J. Krintzman	-	Public Arbitrator
Timothy F. Shanahan	-	Non-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**

  
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John Francis Markuns  
Public Arbitrator, Presiding Chairperson

4/30/15  
\_\_\_\_\_  
Signature Date

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B. J. Krintzman  
Public Arbitrator

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Signature Date

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Timothy F. Shanahan  
Non-Public Arbitrator

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Signature Date

May 1, 2015

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

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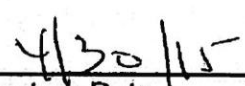
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Non-Public Arbitrator

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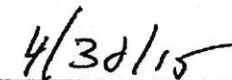
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