

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

Wanda J. Saporito and Michael S. Saporito
individually, and as Trustees of The Saporito Trust
DTD 12/20/2000

Case Number: 14-03684

vs.

Respondents

Saxony Securities, Inc.
Gregory Alan Townes

Hearing Site: Las Vegas, Nevada

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

REPRESENTATION OF PARTIES

For Claimants Wanda J. Saporito and Michael S. Saporito individually, and as Trustees of The Saporito Trust DTD 12/20/2000, hereinafter collectively referred to as "Claimants": David Liebrader, Esq., Law Offices of David Liebrader, Inc., Las Vegas, Nevada.

For Respondent Saxony Securities, Inc. ("Saxony"): Donald J. Mehan, Jr., Esq., Moline & Mehan, LLC, St. Louis, Missouri.

Respondent Gregory Alan Townes ("Townes") did not enter an appearance.

CASE INFORMATION

Statement of Claim filed on or about: December 3, 2014.
Claimants signed the Submission Agreement: December 14, 2014.

Respondent Saxony did not sign the Submission Agreement.
Respondent Townes did not sign the Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract; misrepresentations and omissions; breach of fiduciary duty; and negligence. The causes of action relate to a loan made by Claimants to Respondent Townes memorialized by three separate promissory notes executed by Respondent Townes (the "Notes").

RELIEF REQUESTED

In the Statement of Claim, Claimants requested:

1. Compensatory damages in an amount not less than \$83,469.00;
2. Punitive and exemplary damages;
3. Pre-award and post-award interest at the maximum rate allowed by law from the date of the original investments; and
4. Costs of arbitration and expenses including reasonable attorneys' fees, expert witness fees and any other costs deemed reasonable.

At the close of the hearing, Claimants requested \$325,135.00 in damages.

OTHER ISSUES CONSIDERED AND DECIDED

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

Neither Respondents Saxony nor Townes filed with FINRA Dispute Resolution properly executed Submission Agreements or Statements of Answer but are required to submit to arbitration pursuant to the Code of Arbitration Procedure (the "Code") and are bound by the determination of the Arbitrator on all issues submitted.

On April 17, 2015, Claimants filed a notice of dismissal of Respondent Saxony with prejudice.

On June 8, 2015, the Arbitrator conducted the Initial Pre-Hearing Conference. Respondent Townes did not attend the conference. On June 8, 2015, the Arbitrator issued the Initial Pre-Hearing Conference Scheduling Order, which included the following ruling regarding Respondent Townes:

Since the respondent has not filed a Submission Agreement or Statement of Answer, it is my ruling that he be allowed until 7/23/2015 to correct these deficiencies. If he has not done so by the specified date, sanctions will be levied according to FINRA Rule 12212, the severity of these sanctions to be determined at a later date. Claimants representative is directed to insure service.

On July 24, 2015, the Arbitrator issued an Order ruling that, per Rule 12212 of the Code, since Respondent Townes failed to comply with the June 8, 2015 Order, Respondent Townes will be precluded from presenting evidence at the hearing scheduled for November 18-19, 2015 and will be assessed 100% of all forum fees.

Respondent Townes did not appear at the November 18, 2015 evidentiary hearing. Upon review of the file and the representations made on behalf of the Claimants, the Arbitrator determined that Respondent Townes has 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 Respondent present, in accordance with the Code.

AWARD

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

1. Respondent Townes is liable for and shall pay to Claimants the amount of \$90,000.00 in compensatory damages.
2. Respondent Townes is liable for and shall pay to Claimants the amount of \$45,000.00 in attorneys' fees and costs pursuant to the Notes.
3. Respondent Townes is liable for and shall pay to Claimants the amount of \$975.00 in fees paid to re-do the Notes.
4. Respondent Townes is liable for and shall pay to Claimants the amount of \$225.00 as reimbursement for the non-refundable portion of the filing fee previously paid by Claimants to FINRA Dispute Resolution.
5. Any and all relief not specifically addressed herein, including punitive and exemplary damages, 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	= \$ 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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Saxony Securities, Inc. is assessed the following:

Member Surcharge	= \$ 1,100.00
Pre-Hearing Processing Fee	= \$ 750.00
Hearing Processing Fee	= \$ 1,700.00

Hearing Session Fees and Assessments

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

One (1) Pre-hearing session with a single arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: June 8, 2015	1 session

One (1) Hearing session @ \$450.00/session	= \$ 450.00
Hearing Date: November 18, 2015	1 session

Total Hearing Session Fees	= \$ 900.00
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The Arbitrator has assessed \$900.00 of the hearing session fees to Respondent Townes.

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

ARBITRATOR

Robert Rosen

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Sole 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.

Arbitrator's Signature



Robert Rosen
Sole Public Arbitrator

12/2/15

Signature Date

December 3, 2015
Date of Service (For FINRA Dispute Resolution office use only)