

**Award  
FINRA Dispute Resolution**

---

*In the Matter of the Arbitration Between:*

Name of the Claimant  
Lily Azmoun

Case Number: 08-01448

Names of the Respondents  
Scott & Stringfellow, Inc.  
Ronald L. Salyer

Hearing Site: Washington, D.C.

---

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

**REPRESENTATION OF PARTIES**

For Lily Azmoun, hereinafter referred to as "Claimant": W. Scott Greco, Esq., Greco & Greco, P.C., McLean, VA.

For Respondent Scott & Stringfellow, Inc. ("SSI"): Douglas M. Palais, Esq., LeClair Ryan, Richmond, VA.

Respondent Ronald L. Salyer ("Salyer") appeared pro se.

**CASE INFORMATION**

Statement of Claim filed on or about: May 7, 2008.

Claimant signed the Uniform Submission Agreement: April 6, 2008.

Answer and Cross-claim filed by Respondent SSI on or about: July 15, 2008.

Respondent SSI signed the Uniform Submission Agreement: July 24, 2008.

Respondent Salyer did not file a Statement of Answer or executed Uniform Submission Agreement.

**CASE SUMMARY**

Claimant asserted the following causes of action: common law fraud; securities fraud; breach of fiduciary duty; securities recommended and purchased were unsuitable under Virginia law, federal law, and NASD/FINRA conduct rules; negligent recommendation of unsuitable investments; negligent supervision of representative and investments; and, breach of contract. The causes of action relate to the purchase of shares of a private placement of Castle Brands stock.

Unless specifically admitted in its Answer, Respondent SSI denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In its Cross-claim, Respondent SSI asserted the following causes of action: indemnification/contribution; and, breach of promissory note. The causes of action relate to all costs incurred in connection with the filing of this arbitration claim and the termination of Respondent Salyer's employment with Respondent SSI.

### **RELIEF REQUESTED**

In the Statement of Claim, Claimant requested rescission of the Castle Brands sale or alternatively compensatory damages of approximately \$100,000.00, interest at the rate of 6% per annum from May 13, 2005 to the date of payment of the award, opportunity loss of use of investment funds, punitive damages, costs, attorneys' fees, and such other further relief to which Claimant may be justly entitled as determined by the undersigned arbitrators (the "Panel").

In its Answer, Respondent SSI requested dismissal of Claimant's Statement of Claim, attorneys' fees, and costs. In its Cross-claim, Respondent SSI requested indemnification or contribution from Respondent Salyer in an amount equal to that which the Panel may determine SSI is liable to Claimant plus interest at the statutory rate, compensatory damages for breach of the promissory note in the sum of \$45,816.91 plus interest at the rate of 9% per annum as provided in the promissory note, attorneys' fees, costs, and such other or further relief as the Panel deemed just and proper.

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

During the evidentiary hearing, Claimant moved to bar Respondent Salyer from presenting facts or defenses. Respondent Salyer opposed the motion. The Panel deferred the motion to the completion of the hearing. The Panel then denied the motion. Respondent Salyer attended the hearing and was given a full opportunity to testify, present defenses, and question witnesses.

Respondent Salyer did not file with FINRA Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure (the "Code") and, having appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

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:

Respondents SSI and Salyer are liable, jointly and severally, and shall pay to Claimant compensatory damages in the sum of \$100,000.00 plus interest at the rate of 6% per annum accruing from May 13, 2005, until the date of payment of the Award. In return, Claimant shall transfer ownership of her Castle Brand shares to Respondent SSI.

Respondents SSI and Salyer are liable, jointly and severally, and shall pay to Claimant attorneys' fees in an amount equal to 1/3 of the amounts awarded above pursuant to VA Code §13.1-522.

Respondents SSI and Salyer are liable, jointly and severally, and shall pay to Claimant the sum of \$225.00 representing reimbursement of the claim filing fee previously paid by Claimant to FINRA Dispute Resolution.

Respondent Salyer is liable and shall pay to Respondent SSI compensatory damages in an amount equal to all sums paid by Respondent SSI to Claimant pursuant to this Award plus interest at the rate of 6% per annum accruing from the date of payment by Respondent SSI to Claimant until the date of payment of the Award.

Respondent Salyer is liable on the promissory note and shall pay to Respondent SSI compensatory damages in the sum of \$45,816.91 plus interest at the rate of 9% per annum accruing from November 1, 2006, until the date of payment of the Award.

Any and all claims for relief not specifically addressed herein, including Claimant's request for punitive damages, are 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
Cross-claim filing fee	= \$2,125.00

*\*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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent SSI is a member firm and a party.

Member surcharge	= \$1,100.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were assessed during these proceedings.

#### **Three-Day Cancellation Fees**

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

No three-day cancellation fees were assessed during these proceedings.

**Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

No injunctive relief fees were assessed during these proceedings.

**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/decision = \$ 200.00  
Respondent SSI submitted one (1) discovery-related motion

---

Total Discovery-Related Motion Fees = \$ 200.00

The Panel has assessed \$200.00 of the discovery-related motion fees jointly and severally to Respondents SSI and Salyer.

**Contested Motion for Issuance of a Subpoena Fees**

Fees apply for each decision on a contested motion for the issuance of a subpoena.

No contested motion for the issuance of a subpoena fees were assessed during these proceedings.

**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 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 the Panel @ \$1,125.00/session = \$1,125.00  
Pre-hearing conference: September 8, 2008 1 session

Three (3) Hearing sessions @ \$1,125.00/session = \$3,375.00  
Hearing Dates: January 27, 2009 2 sessions  
January 28, 2009 1 session

---

Total Hearing Session Fees = \$4,500.00

The Panel has assessed hearing session fees of \$4,500.00 jointly and severally to Respondents SSI and Salyer.

**Administrative Costs**

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited

to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were assessed during these proceedings.

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

**ARBITRATION PANEL**

Christopher M. McMurray - Public Arbitrator, Presiding Chairperson  
Dolores Marie Coutts - Public Arbitrator  
Wilson Thompson - Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

/s/  
Christopher M. McMurray  
Public Arbitrator, Presiding Chairperson

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

\_\_\_\_\_  
Dolores Marie Coutts  
Public Arbitrator

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

/s/  
Wilson Thompson  
Non-Public Arbitrator

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

February 6, 2009  
Date of Service (For FINRA Dispute Resolution use only)

to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.


No administrative costs were assessed during these proceedings.

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

**ARBITRATION PANEL**

Christopher M. McMurray	-	Public Arbitrator, Presiding Chairperson
Dolores Marie Coutts	-	Public Arbitrator
Wilson Thompson	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

  
Christopher M. McMurray  
Public Arbitrator, Presiding Chairperson

2/5/09  
Signature Date

\_\_\_\_\_  
Dolores Marie Coutts  
Public Arbitrator

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

\_\_\_\_\_  
Wilson Thompson  
Non-Public Arbitrator

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

\_\_\_\_\_  
**Date of Service (For FINRA Dispute Resolution use only)**

to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were assessed during these proceedings.

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

**ARBITRATION PANEL**

Christopher M. McMurray	-	Public Arbitrator, Presiding Chairperson
Dolores Marie Coufts	-	Public Arbitrator
Wilson Thompson	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

Christopher M. McMurray  
Public Arbitrator, Presiding Chairperson

Signature Date

Dolores Marie Coufts  
Public Arbitrator

Signature Date

Wilson Thompson  
Wilson Thompson  
Non-Public Arbitrator

2/05/2009  
Signature Date

Date of Service (For FINRA Dispute Resolution use only)