

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

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In the Matter of the Arbitration Between:

Claimant  
Cathy Carter

Case Number: 18-04164

vs.

Respondent  
Gary John Basralian

Hearing Site: Manchester, New  
Hampshire

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Nature of the Dispute: Customer vs. Associated Person

**REPRESENTATION OF PARTIES**

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

Respondent Gary John Basralian did not enter an appearance in this matter.

**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.

Respondent did not submit a Statement of Answer or sign the Submission Agreement.

**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.

### **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 the Motion for Default Proceedings, Claimant requested compensatory damages in the amount of \$4,518,488.00, punitive damages in the amount of \$9,000,000.00, attorneys' fees, pursuant to the New Hampshire Securities Act, in the amount of \$1,355,546.00, and that all forum fees be assessed against Respondent.

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

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

Respondent did not file with FINRA Office of Dispute Resolution a Statement of Answer or properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and, is bound by the determination of the Arbitrator on all issues submitted.

Initially, Claimant's claim against Respondent Gary John Basralian was filed in FINRA Case # 17-03339. On November 20, 2018, Claimant opted to proceed against Respondent Gary John Basralian pursuant to Rule 12801 of the Code. The claim against Respondent Gary John Basralian was bifurcated from Case # 17-03339 because Respondent Gary John Basralian failed to file an Answer. The Arbitrator determined that Respondent Gary John Basralian was served with the Statement of Claim by regular mail, Overdue Notice and Notification of Arbitrator by certified mail and is therefore bound by the determination of the Arbitrator on all issues submitted.

### **AWARD**

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

1. Respondent is liable for and shall pay to Claimant the sum of \$2,113,665.00 in compensatory damages.
2. Respondent is liable for and shall pay to Claimant the sum of \$500,000.00 in attorneys' fees pursuant to the New Hampshire Securities Act and the Racketeer Influenced and Corrupt Organizations Act (RICO).
3. Any and all claims for relief not specifically addressed herein, including punitive damages, are denied.

**ARBITRATOR**

Steven T. Stern

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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**

  
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Steven T. Stern  
Sole Public Arbitrator

1/15/19  
\_\_\_\_\_  
Signature Date

January 15, 2019  
Date of Service (For FINRA Office of Dispute Resolution office use only)