

**Award
FINRA Dispute Resolution**

In the Matter of the Arbitration Between:

Names of the Claimants

Trini L. Thomas, Sr.
Betty Thomas

Case Number: 09-02695

Names of the Respondents

Wofai Oju Offem
Todd A. Havemeister
Ronald Eiger
Donald A. Wojnowski, Jr.
Eduardo Manual Cabrera
Jesup & Lamont Securities Corp.
Empire Financial Group, Inc.

Hearing Site: Orlando, Florida

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

REPRESENTATION OF PARTIES

For Trini L. Thomas, Sr. ("T. Thomas") and Betty Thomas ("B. Thomas"), hereinafter collectively referred to as "Claimants": Randall C. Place, Esq. and Sara Hanley, Esq., The Law Offices of Place and Hanley, Asheville, North Carolina.

For Wofai Oju Offem ("Offem"), Todd A. Havemeister ("Havemeister"), Ronald Eiger ("Eiger"), Donald A. Wojnowski, Jr., ("Wojnowski"), Eduardo Manual Cabrera ("Cabrera"), Jesup & Lamont Securities Corp. ("JLSC"), and Empire Financial Group, Inc. ("Empire"), hereinafter collectively referred to as "Respondents": Todd A. Zuckerbrod, Esq., Maureen Ryan, Esq. and Renee Renuart, Esq., Jesup & Lamont Securities Corp., Boca Raton, Florida.

CASE INFORMATION

Statement of Claim filed on or about: May 6, 2009.

Claimant T. Thomas signed the Submission Agreement: April 28, 2009.

Claimant B. Thomas signed the Submission Agreement: April 28, 2009.

Statement of Answer filed by Respondents Offem, Havemeister, and Empire on or about: July 7, 2009.

Statement of Supplemental Answer filed by Respondents Eiger, Wojnowski, Cabrera, and JLSC on or about: July 24, 2009.

Respondent Offem signed the Submission Agreement: July 8, 2009.

Respondent Havemeister signed the Submission Agreement: July 8, 2009.

Respondent Eiger signed the Submission Agreement: July 8, 2009.

Respondent JLSC did not file a properly executed Submission Agreement.

Respondent Empire did not file a properly executed Submission Agreement.
Respondent Wojnowski did not file a properly executed Submission Agreement.
Respondent Cabrera did not file a properly executed Submission Agreement.
Motion to Dismiss filed by Respondents Wojnowski, Cabrera, and JLSC on or about:
August 3, 2009.
Response to Respondents Wojnowski, Cabrera, and JLSC's Motion to Dismiss filed by
Claimants on or about: September 11, 2009.
Motion for Sanctions filed by Claimants on or about: February 3, 2010.
Response to Claimants' Motion for Sanctions filed by Respondents on or about:
February 16, 2010.

CASE SUMMARY

Claimants asserted the following causes of action: (1) misrepresentation; (2) violation of Fla. Stat. §517; (3) breach of fiduciary duty; and, (4) failure to supervise. The causes of action relate to Respondents' investment of Claimants' funds into 15% Convertible Promissory Notes issued by CSMG Technologies, Inc. after allegedly soliciting Claimants' funds for the purchase of an initial public offering in a company called "Tissue Connect."

Unless specifically admitted in their respective Answers, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimants requested: (1) compensatory damages in excess of \$100,000.00; (2) interest at the legal rate from the date of purchase or reasonable market return; (3) attorney's fees; (4) rescission; (5) punitive damages; (6) costs of this proceeding; and, (7) such other relief as is just and proper.

Respondents did not specifically delineate a relief request in their respective Statements of Answer and Supplemental Answer.

OTHER ISSUES CONSIDERED AND DECIDED

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

Respondents JLSC, Empire, Wojnowski, and Cabrera did not file with FINRA Dispute Resolution properly executed Submission Agreements but are required to submit to arbitration pursuant to the Code of Arbitration Procedure (the "Code") and, having answered the claim, and having appeared and testified at the hearing, are bound by the determination of the Arbitrator on all issues submitted.

Respondents Wojnowski, Cabrera, and JLSC filed a Motion to Dismiss in which they asserted, among other things, that no triable issues of fact and no allegations of a nexus existed between the moving Respondents and any claims asserted. In response, Claimants asserted, among other things, that Respondents JLSC, Wojnowski and Cabrera's motion: (1) is procedurally flawed; (2) is substantively unavailing; and,

(3) was filed frivolously and in bad faith. On October 16, 2009, the Arbitrator conducted a recorded telephonic pre-hearing conference with the parties and heard oral arguments on Respondents JLSC, Wojnowski and Cabrera's Motion to Dismiss. Thereafter, the Arbitrator issued an Order that: (1) denied the motion; and, (2) reserved until the final hearing a determination as to whether the motion was brought in bad faith or was frivolous.

Claimants filed a Motion for Sanctions in which they asserted, among other things, that: (1) Respondents failed to comply with a discovery Order issued by the Arbitrator; (2) Claimants attempted to reach an amicable resolution by sending a letter to Respondents; (3) Respondents' failure to produce documents has prejudiced Claimants in preparing for the evidentiary hearing; and, (4) Respondents' failure to comply with the related discovery Order was a flagrant disregard for the arbitration process. In response, Respondents asserted, among other things, that: (1) Respondents had produced all responsive documents in their possession that Claimants requested and that Respondents had not objected to; and, (2) Claimants' motion should be denied in its entirety. On February 18, 2010, the Arbitrator conducted a pre-hearing conference with the parties and heard oral arguments on the matter. On February 22, 2010, the Arbitrator issued an Order that granted Claimants' motion. The Order further stated that if Respondents offer evidence as to an issue for which they did not produce documents or information related to any such issue, when said documents and information were required to be produced by reason of the Uniform Discovery Guide or by Claimants' Motion to Compel Production and the Order issued by the Arbitrator thereafter, then the Arbitrator will sustain an objection to the introduction of such evidence. Also, the Arbitrator ruled that Respondents would not be allowed to present evidence regarding exemption from registration of securities with the state of Florida because of federal exemptions.

At the outset of the evidentiary hearing, before any evidence was introduced, Claimants moved for summary judgment, to which Respondents objected. The Arbitrator denied the motion.

At the conclusion of Claimants' case-in-chief, Respondents moved to dismiss the claims against Respondents Wojnowski, Cabrera and JLSC, to which Claimants objected. The Arbitrator denied the motion.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

Respondents Offem, Havemeister, Eiger, Wojnowski, Cabrera, JLSC, and Empire are liable on all of the claims asserted by Claimants, as follows: (1) as to misrepresentation, Respondents are in violation of Florida Statute §517.301; (2) as to violation of Florida Statute §517, Respondents sold unregistered securities in violation of §517.07; (3) as to breach of fiduciary duty, Respondents violated FINRA Rule 2310, and breached their fiduciary duty by not using due diligence and by selling to Claimants unsuitable securities; and, (4) as to failure to supervise, Respondents breached FINRA

Rule 3010 by the failure to properly supervise. Accordingly, Respondents Offem, Havemeister, Eiger, Wojnowski, Cabrera, JLSC and Empire are jointly and severally liable and shall pay to Claimants compensatory damages in the amount of \$100,000.00, plus interest at the Florida statutory rate, accruing from August 4, 2006 until the award is paid in full. Once the award has been paid in full, Claimants are directed to transfer to Respondents the Convertible Bridge Note due June 30, 2007, issued by Consortium Service Management Group, Inc., issued in connection with an IPO of "Live Tissue Connect." The security is to be assigned to all Respondents equally.

Respondents Offem, Havemeister, Eiger, Wojnowski, Cabrera, JLSC, and Empire are liable, jointly and severally, to Claimants for punitive damages in the amount of \$40,000.00. The authority for this award of punitive damages is Florida Statute §768.72. The Arbitrator found, based on clear and convincing evidence, that Respondents Offem, Havemeister, Eiger, Wojnowski, Cabrera, JLSC, and Empire were guilty of intentional misconduct and gross negligence. They misrepresented to Claimants that they were depositing funds in escrow, to be released when the IPO for Tissue Connect came on the market, at which time Claimants would be able to buy shares at half price. Claimants were guaranteed that they would double their money in 6 months to a year. Instead the money was lent to Tissue Connect and Claimants were given a convertible note, which was very risky. Claimants were not told that a commission was being paid immediately. They were not shown the auditor's report that showed the company to be in financial risk. They were told falsely that the product had been approved by the FDA. They were not told that the securities were not registered as required by the state of Florida. Respondents, individually and through their agents, were guilty of intentional misconduct and, by the failure to properly supervise, they were guilty of gross negligence.

Respondents Offem, Havemeister, Eiger, Wojnowski, Cabrera, JLSC, and Empire are liable, jointly and severally, and shall reimburse Claimants the sum of \$225.00, representing the non-refundable portion of the claim filing fee paid by Claimants to FINRA Dispute Resolution.

Claimants are the prevailing parties with respect to Claimants' cause of action for violation of F.S. Ch. 517. Accordingly, Respondents Offem, Havemeister, Eiger, Wojnowski, Cabrera, JLSC, and Empire are liable, jointly and severally, to Claimants for their attorneys' fees, the amount of which shall be determined by a court of competent jurisdiction.

As a sanction for their August 3, 2009 bad faith filing of a frivolous motion to dismiss, and as governed by Rule 12504 of the Code, Respondents JLSC, Wojnowski and Cabrera are liable, jointly and severally, to Claimants for Claimants' attorneys' fees in connection with that motion, the amount of which shall be determined by a court of competent jurisdiction. Additionally, Respondents JLSC, Wojnowski and Cabrera shall be assessed all hearing session fees in connection with the pre-hearing telephonic conference conducted by the Arbitrator on October 16, 2009, in connection with this motion.

As an additional sanction, Respondents Offem, Havemeister, Eiger, Wojnowski, Cabrera, JLSC, and Empire are liable, jointly and severally, to Claimants for Claimants'

attorneys' fees in connection with Claimants' motion for sanctions, the amount of which shall be determined by a court of competent jurisdiction. Additionally, Respondents Offem, Havemeister, Eiger, Wojnowski, Cabrera, JLSC, and Empire shall be assessed all hearing session fees in connection with the pre-hearing telephonic conference conducted by the Arbitrator on February 18, 2010, in connection with this motion.

Any and all claims for relief not specifically addressed herein 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

**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 parties, Respondents Empire and JLSC are assessed the following:

Respondent JLSC is assessed:

Member surcharge = \$ 1,100.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 1,700.00

Respondent Empire is assessed:

Member surcharge = \$ 1,100.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 1,700.00

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
by (1) one arbitrator @ \$200.00/decision = \$ 200.00
Claimants submitted one (1) discovery-related motion

Total Discovery-Related Motion Fees = \$ 200.00

The Arbitrator has assessed the \$200.00 discovery-related motion fee jointly and severally to Respondents Offem, Havemeister, Eiger, Wojnowski, Cabrera, JLSC, and Empire.

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), which lasts four (4) hours or less. Fees associated with these proceedings are:

Four (4) Pre-hearing sessions with the Arbitrator @ \$450.00/session	= \$ 1,800.00
Pre-hearing conferences:	
September 16, 2009	1 session
October 16, 2009	1 session
February 18, 2010	1 session
February 26, 2010	1 session

Nine (9) Hearing sessions @ \$450.00/session	= \$ 4,050.00
Hearing Dates:	
March 2, 2010	2 sessions
March 3, 2010	2 sessions
March 4, 2010	2 sessions
March 8, 2010	2 sessions
March 9, 2010	1 session

Total Hearing Session Fees = \$ 5,850.00

The Arbitrator has assessed \$450.00 of the hearing session fees in connection with the telephonic pre-hearing conference conducted on October 16, 2009 jointly and severally to Respondents JLSC, Wojnowski and Cabrera.

The Arbitrator has assessed the remaining \$5,400.00 in hearing session fees jointly and severally to Respondents Offem, Havemeister, Elger, Wojnowski, Cabrera, JLSC, and Empire.

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

ARBITRATOR

Paul E. Flora

Public Arbitrator

Arbitrator's Signature

/s/
Paul E. Flora
Public Arbitrator

March 19, 2010
Signature Date

March 22, 2010
Date of Service (For FINRA Dispute Resolution office use only)

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