

**Award**  
**FINRA Dispute Resolution Services**

---

In the Matter of the Arbitration Between:

Claimants

Christopher Morris  
Daryl Morris  
Alice Warsinske  
Sidney Warsinke  
Peter Cole Warsinske  
Nancy Ketchum Warsinske Trust U/A dated  
February 12, 1993

Case Number: 20-00065

vs.

Respondents

Emerging Growth Equities, Ltd.  
Gregory Berlacher

Hearing Site: Philadelphia, Pennsylvania

---

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

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

**REPRESENTATION OF PARTIES**

For Claimants Christopher Morris, Daryl Morris, Alice Warsinske, Sidney Warsinke, Peter Cole Warsinske, and Nancy Ketchum Warsinske Trust U/A dated February 12, 1993 (“Nancy Ketchum Warsinske Trust”): Alan L. Rosca, Esq., Paul Scarlato, Esq., and Shawn Rexrode, Esq., Rosca Scarlato LLC, Beachwood, Ohio.

For Respondents Emerging Growth Equities, Ltd. and Gregory Berlacher: Joseph Dever, Esq., Calli J. Padilla, Esq., and Harper Seldin, Esq., Cozen O'Connor, New York, New York.

**CASE INFORMATION**

Statement of Claim filed on or about: January 7, 2020.

Amended Statement of Claim filed on or about: April 14, 2020.

Second Amended Statement of Claim filed on or about: October 16, 2020.

Christopher Morris signed the Submission Agreement: January 7, 2020.

Daryl Morris signed the Submission Agreement: January 7, 2020.

Alice Warsinske signed the Submission Agreement: November 9, 2020.

Sidney Warsinke signed the Submission Agreement: November 9, 2020.

Peter Cole Warsinske signed the Submission Agreement: November 9, 2020.  
Nancy Ketchum Warsinske Trust signed the Submission Agreement: November 9, 2020.

Joint Statement of Answer to the Amended Statement of Claim filed by Respondents on or about: August 5, 2020

Joint Statement of Answer to the Second Amended Statement of Claim filed by Respondents on or about: November 24, 2020

Emerging Growth Equities, Ltd. did not sign the Submission Agreement.

Gregory Berlacher did not sign the Submission Agreement.

### **CASE SUMMARY**

In the Second Amended Statement of Claim, Claimants asserted the following causes of action: violations of FINRA Rule 2111; common law negligence - FINRA Rule 2010 (Fair Dealing and High Standards of Professional Conduct); negligent supervision - FINRA Rule 3110 (Failure to Supervise); breach of fiduciary duty; negligence; breach of contract; and *respondeat superior*. The causes of action relate to private placements in securities issued by GrowCo.

Unless specifically admitted in the Statement of Answer to the Second Amended Statement of Claim, Respondents denied the allegations made in the Second Amended Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

In the Second Amended Statement of Claim, Claimants requested: unspecified compensatory damages; interest, commissions and fees paid by Claimants; attorneys' fees, costs and other expenses; interest; all other sums Claimants are entitled to at law or equity; punitive damages; and market adjusted damages.

In the Statement of Answer to the Second Amended Statement of Claim, Respondents requested that the Panel issue an award: in favor of Respondents and against Claimants; dismissing all of the claims in the Second Amended Statement of Claim; ordering that Claimants pay all of Respondents' costs, expenses, attorneys' fees, expert fees, and forum fees; and recommending expungement of all references to this arbitration proceeding and the underlying claims from Respondent Gregory Berlacher's registration records maintained by the Central Registration Depository (CRD).

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

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

Respondents Emerging Growth Equities, Ltd. and Gregory Berlacher did not file properly executed Submission Agreements but are required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code"), and having answered the claim, appeared, and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

On October 16, 2020, Claimants Christopher Morris and Daryl Morris filed a Motion to Amend the Amended Statement of Claim to add Claimants Alice Warsinske, Sidney Warsinske, Peter

Cole Warsinske, and Nancy Ketchum Warsinske Trust. Respondents did not oppose the Motion. By Order dated November 4, 2020, the Panel granted Claimants Christopher Morris and Daryl Morris' Motion to Amend the Amended Statement of Claim to add Claimants Alice Warsinske, Sidney Warsinke, Peter Cole Warsinske, and Nancy Ketchum Warsinske Trust.

On August 31, 2021, Claimants filed a Motion for Leave to Amend the Second Amended Statement of Claim to add additional legal claims for common law material misrepresentations and omissions, and statutory material misrepresentations and omissions under the Pennsylvania Blue Sky Law. On September 10, 2021, Respondents filed a response opposing the motion. On September 15, 2021, Claimants filed a reply in further support of their Motion for Leave to Amend the Second Amended Statement of Claim.

On September 8, 2021, Respondents filed a Motion to Postpone the Hearings scheduled to begin on September 20, 2021. On September 20, 2021, Claimants filed a response opposing the motion. At the start of the evidentiary hearing on September 20, 2021, the Panel heard oral arguments on Claimants' Motion for Leave to Amend the Second Statement of Claim and Respondents' Motion to Postpone. By order dated September 21, 2021, the Panel denied Claimants' Motion for Leave to Amend the Second Statement of Claim and denied as moot Respondents' Motion to Postpone the Hearings.

On October 15, 2021, Respondents filed a Motion for Leave to Call a Rebuttal Expert Witness. On October 27, 2021, Claimants filed an opposition to the motion and on November 1, 2021, Respondents filed their reply. On November 2, 2021, Claimants filed a sur-reply and on November 3, 2021, Respondents filed a response to Claimants' sur-reply. On November 22, 2021, the Panel heard oral arguments on Respondents' Motion for Leave to Call a Rebuttal Expert Witness. By Order dated November 23, 2021, the Panel granted the Motion.

At the conclusion of Claimants' case-in-chief, Respondents made an oral Motion to Dismiss and Claimants opposed the motion. After due deliberation, the Panel denied the motion.

The Award in this matter may be executed in counterpart copies.

### **AWARD**

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

1. Claimants' claims are denied in their entirety.
2. Gregory Berlacher's request for expungement of the above-captioned arbitration (Occurrence Number 2081886) from registration records maintained by the CRD is denied.
3. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages and attorneys' fees, are denied.

### **FEES**

Pursuant to the Code of Arbitration Procedure ("Code"), the following fees are assessed:

### **Filing Fees**

FINRA Dispute Resolution Services assessed a filing fee\* for each claim:

Initial Claim Filing Fee = \$ 1,575.00

*\*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 that employed the associated person at the time of the events giving rise to the dispute. Accordingly, as a party Respondent Emerging Growth Equities, Ltd. is assessed the following:

Member Surcharge = \$ 1,900.00  
Member Process Fee = \$ 3,750.00

### **Late Pre-Hearing Cancellation Fees**

Fees apply when a pre-hearing conference is cancelled within three business days of the scheduled conference:

July 13, 2021, cancellation requested by the parties waived  
August 10, 2021 cancellation requested by the parties = \$ 300.00

---

Total Late Pre-Hearing Cancellation Fees = \$ 300.00

The Panel has assessed \$150.00 of the late pre-hearing cancellation fees jointly and severally to Claimants.

The Panel has assessed \$150.00 of the late pre-hearing cancellation fees jointly and severally to Respondents.

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

Four (4) pre-hearing sessions with the Panel @ \$1,125.00/session = \$ 4,500.00  
Pre-Hearing Conferences: September 16, 2020 1 session  
April 5, 2021 1 session  
September 14, 2021 1 session  
November 22, 2021 1 session

Fifteen (15) hearing sessions @ \$1,125.00/session = \$ 16,875.00  
Hearings: September 20, 2021 2 sessions  
September 21, 2021 2 sessions  
September 22, 2021 2 sessions  
September 23, 2021 2 sessions  
September 24, 2021 2 sessions  
February 23, 2022 2 sessions

February 24, 2022	2 sessions
February 25, 2022	1 session

---

Total Hearing Session Fees	= \$ 21,375.00
----------------------------	----------------

The Panel has assessed \$562.50 of the hearing session fees jointly and severally to Claimants Christopher Morris and Daryl Morris.

The Panel has assessed \$9,562.50 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$10,125.00 of the hearing session fees jointly and severally to Respondents.

The Panel has waived \$1,125.00 of the hearing session fees.

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

**ARBITRATION PANEL**

David F. Griesing	-	Public Arbitrator, Presiding Chairperson
Thomas Benjamin Salzer	-	Public Arbitrator
Peter George Erdely	-	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**

***David F. Griesing***

\_\_\_\_\_  
David F. Griesing  
Public Arbitrator, Presiding Chairperson

**03/15/2022**

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

***Thomas Benjamin Salzer***

\_\_\_\_\_  
Thomas Benjamin Salzer  
Public Arbitrator

**03/14/2022**

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

***Peter George Erdely***

\_\_\_\_\_  
Peter George Erdely  
Public Arbitrator

**03/15/2022**

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

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

March 17, 2022

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