INTERIM AWARD OF ARBITRATOR

THE UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration agreement entered into between the above-named parties, and having been duly sworn, and having considered the evidence and allegations of the Parties, issues this INTERIM AWARD, as follows:

I. Procedural Background

This matter was initiated by the filing of a Demand for Arbitration by the Claimants on December 20, 2018 with the American Arbitration Association. Respondent (“ARIN”) filed its Answering Statement, inclusive of counterclaims, on January 16, 2019, and its counterclaims were docketed on January 28, 2019. Claimants filed a Response to Respondent’s Counterclaims on February 19, 2019. The parties engaged in discovery and on May 1, 2019, ARIN has filed an unopposed dispositive motion (Respondent’s Unopposed Motion for Summary Judgment) seeking
a summary disposition on its counterclaims in this proceeding. On May 6, 2019, the Arbitrator granted ARIN’s dispositive motion and made findings that (a) the Registration Services Agreements (“RSAs”) between Claimants and ARIN were and are invalid; and (b) regardless of the validity of the RSAs, Claimants materially breached those RSAs.

On May 1, 2019, Respondent, Claimants, and a non-party to this arbitration, Micfo, LLC, entered into a written Settlement Agreement executed on May 1, 2019 between Respondent, Claimants, and a non-party to this arbitration, Micfo, LLC. The Settlement Agreement was an exhibit to ARIN’s dispositive motion. The Settlement Agreement recites that it does not constitute an admission of liability or wrongdoing. A copy of the Settlement Agreement is attached to this Interim Award as Exhibit 1.

II. History of the Dispute

In brief, the Claimants entered into RSAs with ARIN, which Claimants seek to enforce through this arbitration proceeding. ARIN contends that Micfo, LLC and its controlling member, Mr. Amir Golestan, fraudulently induced ARIN to enter into the RSAs with Claimants. ARIN seeks a finding that the RSAs are void and unenforceable or that the Claimants materially breached the RSAs.

Thus, at this juncture, the record of these proceedings includes an unopposed dispositive motion, findings by the Arbitrator that the RSAs between Claimants and ARIN are invalid or were breached by the Claimants, and a Settlement Agreement in which the parties have agreed to the appropriate disposition of the case.
Accordingly, having considered the record in these proceedings, including Claimants' demand for arbitration and its Answering Statement to Respondent’s counterclaims, Respondent ARIN’s counterclaims, its unopposed motion for summary disposition on its counterclaims and the exhibits accompanying the dispositive motion, the Arbitrator issues the following INTERIM AWARD:

1) On Claimants’ Demand for Arbitration, an award is entered for the Respondents and against the Claimants on each and all of the Claimants’ claims for relief.

2) On Respondent’s counterclaims, the Arbitrator finds that (a) the Registration Services Agreements (“RSAs”) between Claimants and ARIN were and are invalid; and (b) regardless of the validity of the RSAs, Claimants materially breached those RSAs.

3) The respective undertakings and obligations of the Claimants and Respondent set forth in the Settlement Agreement (Exhibit 1 to this Interim Award) are incorporated in this Interim Award as if such obligations were set forth in their entirety in this Interim Award; provided, however, that the Settlement Agreement shall not be merged into this Interim Award and nothing in this Interim Award shall prevent any party from enforcing the Settlement Agreement either in these arbitration proceedings or in any court of competent jurisdiction.

4) The record in this arbitration proceeding shall remain open and the Arbitrator shall retain jurisdiction over the Claimants and Respondent until such time as the requirements of the Settlement Agreement have been completed. Respondent shall notify the Arbitrator and the AAA Case Administrator in writing within 10 days of such completion. Upon such completion, the record in this proceeding shall be closed by the Arbitrator and the Arbitrator shall issue such final Award as may be appropriate.
5) Pursuant to the agreement of Claimants and Respondents set forth in the Settlement Agreement, Respondents are awarded $350,000 for ARIN’s legal fees. Payment by Micfo, LLC of the foregoing amount pursuant to the terms of Section 8 of the Settlement Agreement shall be considered compliance by the Claimants with the requirements of this Section 5 of this Interim Award.

6) Claimants, jointly and severally, and Respondent each shall pay one-half of the filing and administrative fees and expenses paid to the AAA, and one-half of the fees and expenses paid to the AAA for the service of the Arbitrator. Accordingly, the administrative filing fees of the AAA, totaling $8,175.00, shall be borne one-half by Claimants, jointly and severally, and one-half by Respondent. Therefore, Respondent shall reimburse Claimants the sum of $587.50 for that portion of its share of the administrative filing fees previously incurred by Claimants. The fees and expenses of the arbitrators, totaling $11,985.00 as of May 6, 2019, shall be borne one-half by Claimants, jointly and severally, and one-half by Respondent, and shall be paid from the funds currently on deposit with the AAA. Payment to the Arbitrator pursuant to this Section 6 of this Interim Award shall not relieve any party to the Settlement Agreement of any payment obligation required under Section 8 of the Settlement Agreement.
7) All procedural deadlines and the evidentiary hearing set by the Arbitrator in any Procedural Order issued in this case, are postponed pending further notice from the Arbitrator.

So ordered.

Issued: May 6, 2019

Arthur House, Arbitrator
ORDER GRANTING RESPONDENT'S UNOPPOSED DISPOSITIVE MOTION
Arthur House (Arbitrator)

Respondent ARIN has filed an unopposed dispositive motion seeking a summary disposition on its counterclaims in this proceeding. In the materials in support of its motion ARIN has included a Settlement Agreement executed on May 1, 2019 between Respondent, Claimants, and a non-party to this arbitration, Micfo, LLC. In the Settlement Agreement, Claimants agree to dismiss their arbitration claims against ARIN with prejudice. With respect to Respondent's dispositive motion, I have considered Claimants' Demand for Arbitration and its Answering Statement to Respondent's counterclaims, and Respondent's filings in this proceeding, Respondent's unopposed motion for summary disposition on its counterclaims and the exhibits accompanying the dispositive motion, including the Settlement Agreement.

Based on my review of the materials submitted and the record in this proceeding, including the referenced Settlement Agreement agreed to by the parties, I conclude that the Respondent's motion meets the requirements of Rule 33 of the American Arbitration Association's Commercial
Arbitration Rules for submission of a dispositive motion. Moreover, I find that the information submitted in support of the motion, all of which is unopposed, warrants grant of the motion. In addition, I find that (a) the Registration Services Agreements ("RSAs") between Claimants and ARIN were and are invalid; and (b) regardless of the validity of the RSAs, Claimants materially breached those RSAs.

Accordingly, the Respondent's dispositive motion (Respondent's Unopposed Motion for Summary Judgment) is GRANTED.

In light of the foregoing ruling on the Respondent's motion, the findings of the Arbitrator, and the Settlement Agreement between the parties, an Interim Award will be entered consistent with this order.

So ordered.

Issued: May 6, 2019

Arthur House, Arbitrator