

Stipulated Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Virginia Hay, Co-Executrix of the Estate of Joseph K. Beasley, Deceased and Mary B. Beasley, Widow, and as Co-Executrix of the Estate of Joseph K. Beasley, Deceased (Claimants) v. Salomon Smith Barney and Lawrence Gordon, (Respondents)

Case Number: 00-03743

Hearing Site: Louisville, Kentucky

REPRESENTATION OF PARTIES

Claimant Virginia Hay, Co-Executrix of the Estate of Joseph K. Beasley, Deceased and Mary B. Beasley, Widow, and as Co-Executrix of the Estate of Joseph K. Beasley, Deceased: Andre F. Regard, Esq., Charles C. Mihalek, P.S.C., Lexington, Kentucky.

Respondent Salomon Smith Barney, Inc. ("SSB") and Lawrence Gordon ("Gordon"), hereinafter collectively referred to as "Respondents": Paul Giappone, Esq., Legal Department of Salomon Smith Barney, Inc., New York, New York

CASE INFORMATION

Statement of Claim filed on or about: August 28, 2000

Claimants signed the Uniform Submission Agreement: January 24, 2000

Statement of Answer filed by Respondent Gordon on or about: November 20, 2000

Respondents did not file signed Uniform Submission Agreements

Stipulation to Dismiss and Expunge Registered Representative's Record filed on or about: May 19, 2000

CASE SUMMARY

Claimants asserted the following causes of action: suitability, breach of fiduciary duty, failure to supervise, breach of contract, and fraud.

The causes of action relate to the purchase of high yield mutual bond funds on margin.

Unless specifically admitted in its Answer, Respondents Salomon Smith Barney and Lawrence Gordon denied the allegations made in the Statement of Claim.

RELIEF REQUESTED

Claimants Virginia Hay, Co-Executrix of the Estate of Joseph K. Beasley, Deceased and Mary B. Beasley, Widow, and as Co-Executrix of the Estate of Joseph K. Beasley, Deceased requested:

| | |
|----------------------|---------------|
| Compensatory Damages | \$500,000.00 |
| Punitive Damages | \$500,000.00 |
| Interest | not specified |
| Attorneys' Fees | not specified |
| Other Costs | not specified |

Respondent Salomon Smith Barney and Lawrence Gordon requested:

| | |
|--|---------------------|
| Attorneys' Fees | not specified |
| Other Costs | not specified |
| Other Monetary/Non-Monetary Relief if any: | dismissal of claims |

OTHER ISSUES CONSIDERED AND DECIDED

Respondents SSB and Gordon did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but are required to submit to arbitration pursuant to the Code and, having answered the claim, are bound by the determination of the Panel on all issues submitted.

AWARD

After considering the pleadings the Panel has ruled as follows:

1. Claimants Virginia Hay, Co-Executrix of the Estate of Joseph K. Beasley, Deceased and Mary B. Beasley, Widow, and as Co-Executrix of the Estate of Joseph K. Beasley, Deceased withdrawal with prejudice of any and all of their claims against Respondents Salomon Smith Barney, Inc. and Lawrence Gordon.
2. The panel recommends the expungement of all reference to the above captioned arbitration from Respondent Lawrence Gordon's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Lawrence Gordon must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

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Claimant Virginia Hay, Co-Executrix of the Estate of Joseph K. Beasley, Deceased and Mary B. Beasley, Widow, and as Co-Executrix of the Estate of Joseph K. Beasley, Deceased: Andre F. Regard, Esq., Charles C. Mihalek, P.S.C., Lexington, Kentucky. Deceased: Andre E. Regard, Esq., Lexington, Kentucky.

Respondent Salomon Smith Barney, Inc. ("SSB") and Lawrence Gordon ("Gordon"), Respondent Salomon Smith Barney, Inc. hereinafter collectively referred to as "Respondents": Paul Giappone, Esq., Legal Department of Salomon Smith Barney, Inc., New York, New York. Respondent Lawrence Gordon, hereinafter collectively referred to as "Respondents": Paul Giappone, Esq., Legal Department of Salomon Smith Barney, Inc., New York, New York.

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OTHER ISSUES CONSIDERED AND DECIDED

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1. Claimants Virginia Hay, Co-Executrix of the Estate of Joseph K. Beasley, Deceased and Mary B. Beasley, Widow, and as Co-Executrix of the Estate of Joseph K. Beasley, Deceased withdrawal with prejudice of any and all of their claims against Respondents Salomon Smith Barney, Inc. and Lawrence Gordon.
2. The panel recommends the expungement of all reference to the above captioned arbitration from Respondent Lawrence Gordon's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Lawrence Gordon must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 375.00

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. In this matter, the member firm is a party.

Member surcharge = \$2,000.00
Pre-hearing process fee = \$ 600.00
Total Member Fees = \$2,600.00

Fee Summary

1. Claimants Virginia Hay, Co-Executrix of the Estate of Joseph K. Beasley, Deceased and Mary B. Beasley, Widow, and as Co-Executrix of the Estate of Joseph K. Beasley, Deceased are jointly and severally liable for:

Initial Filing Fee = \$ 375.00
Total Fees = \$ 375.00
Less payments = \$ 1,575.00
Balance Due From NASD Dispute Resolution, Inc. = \$ 1,200.00

2. Respondent Salomon Smith Barney is solely liable for:

Member Fees = \$ 2,600.00
Total Fees = \$ 2,600.00
Less payments = \$ 2,600.00
Balance Due NASD Dispute Resolution, Inc. = \$ 0.00


All balances are due to NASD Dispute Resolution, Inc.


NASD Dispute Resolution, Inc.
Arbitration Case # 00-03743
Page 4 of 4

ARBITRATION PANEL

| | | |
|-----------------------------|---|------------------------------------|
| Randall Scott Strause, Esq. | - | Public Arbitrator, Presiding Chair |
| David N. Richardson | - | Public Arbitrator |
| Gordon F. Linke | - | Non-Public Arbitrator |

Concurring Arbitrators' Signatures


Randall Scott Strause, Esq.
Public Arbitrator, Presiding Chair


Signature Date


David N. Richardson
Public Arbitrator

Signature Date


Gordon F. Linke
Non-Public Arbitrator

Signature Date

Date of Service (For NASD-Dispute Resolution office use only)

NASD Dispute Resolution, Inc.
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Page 4 of 4

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Randall Scott Strause, Esq.
Public Arbitrator, Presiding Chair

Signature Date



David N. Richardson
Public Arbitrator

8/8/01

Signature Date

Gordon F. Linke
Non-Public Arbitrator

Signature Date

Date of Service (For NASD-Dispute Resolution office use only)

FROM : 07/25/01 WED 18:11 FAX

FAX NO. : NASD REGULATION

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NASD Dispute Resolution, Inc.
Arbitration Case #: 00-03743
Page 4 of 4

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Public Arbitrator, Presiding Chair

Signature Date

David N. Richardson
Public Arbitrator

Signature Date

Gordon F. Linke
Non-Public Arbitrator

Signature Date

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