

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Arcadia Mutual Fund, Inc., (Claimant) vs. First Madison Securities, Inc., Ray Vahab, and Jonathan Bull, (Respondents)

Case Number: 00-04395

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, Arcadia Mutual Fund, Inc., hereinafter referred to as "Claimant": Ethel Schwartz, Brooklyn, NY.

Respondents, First Madison Securities, Inc. ("FMS"), Ray Vahab ("Vahab"), and Jonathan Bull ("Bull"), hereinafter collectively referred to as "Respondents", did not make appearances in this matter.

CASE INFORMATION

Statement of Claim filed on or about: September 29, 2000.

Claimant signed the Uniform Submission Agreement: September 28, 2000.

FMS did not file a Statement of Answer or sign a Uniform Submission Agreement.

Vahab did not file a Statement of Answer or sign a Uniform Submission Agreement.

Bull did not file a Statement of Answer or sign a Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: unauthorized trading; excessive markups; failure to execute sell orders; failure to supervise; breach of fiduciary duty; parking securities in Claimant's account; failure to provide Claimant access to its funds; misappropriation of funds; failure to comply with employee registration requirements; and failure to maintain books and records. Claimant's claim involved the stocks of Life One Inc., Advanced Plant Pharmaceuticals, and other unspecified securities.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$85,866.35; punitive damages in the amount of \$386,398.57; professional fees in the amount of \$35,000.00; and reimbursement of all forum fees.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated May 25, 2001, Claimant informed NASD Dispute Resolution, Inc. that it was dismissing Bull as a Respondent in this matter, without prejudice.

Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that FMS and Vahab have been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without FMS and Vahab present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

FMS, Vahab, and Bull did not file with NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

1. FMS and Vahab be and hereby are jointly and severally liable for and shall pay the sum of \$86,466.35 as compensatory damages, plus interest at the rate of 9% accruing from September 28, 2000 until the entry of judgment thereon. In accordance with SEC v. Renert et al (D.Conn. Case No. 3:01cv1027-PCD), the United States Securities and Exchange Commission has directed that said Award is to be paid to the Registry of the Court for the U.S. District Court for the District of Connecticut.
2. Claimant's request for punitive damages, and professional fees are hereby denied.

3. FMS and Vahab be and hereby are jointly and severally liable for and shall pay the sum of \$ 300.00, to reimburse Claimant for the filing fee previously paid to NASD Dispute Resolution, Inc. In accordance with SEC v. Renert et al (D.Conn. Case No. 3:01cv1027-PCD), the United States Securities and Exchange Commission has directed that said reimbursement is to be paid to the Registry of the Court for the U.S. District Court for the District of Connecticut.
4. All other requests for relief are hereby denied.

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	= \$ 300.00
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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 persons at the time of the events giving rise to the dispute. In this matter, First Madison Securities, Inc. is a party.

Member surcharge	= \$1,500.00
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Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with Panel x \$1,125.00	= \$2,250.00
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Pre-hearing conferences:	July 19, 2001	1 session
	August 9, 2001	1 session

One (1) Hearing session x \$1,125.00	= \$1,125.00
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Hearing Date:	December 4, 2001	1 session
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Total Forum Fees	= \$3,375.00
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The Panel has assessed all of the forum fees jointly and severally against FMS and Vahab.

Fee Summary

1. Claimant be and hereby is solely liable for:

<u>Initial Filing Fee</u>	= \$ 300.00
Total Fees	= \$ 300.00
<u>Less payments</u>	= \$1,575.00
Refund Due Claimant	= \$1,275.00

As stated in the "Award" section above, FMS and Vahab are jointly and severally liable for the reimbursement of the \$300.00 filing fee, which is to be paid directly to the Registry of the Court for the U.S. District Court for the District of Connecticut.

2. FMS be and hereby is solely liable for:

<u>Member Fees</u>	= \$1,500.00
Total Fees	= \$1,500.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$1,500.00

3. FMS and Vahab be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$3,375.00
Total Fees	= \$3,375.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$3,375.00

All balances are due and payable to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Robert E. Bartkus, Esq.	-	Public Arbitrator, Presiding Chair
Paul C. Kurland, Esq.	-	Public Arbitrator
Daniel S. Taub	-	Industry Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Robert E. Bartkus, Esq.
Public Arbitrator, Presiding Chair

12-27-01

Signature Date

Paul C. Kurland, Esq.
Public Arbitrator

Signature Date

Daniel S. Taub
Industry Arbitrator

Signature Date

January 8, 2002

Date of Service (For NASD office use only)

ARBITRATION PANEL

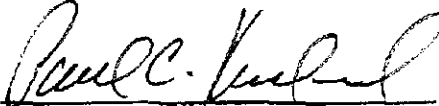
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Paul C. Kurland, Esq.	-	Public Arbitrator
Daniel S. Taub	-	Industry Arbitrator

Concurring Arbitrators' Signatures

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Robert E. Bartkus, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Paul C. Kurland, Esq.
Public Arbitrator

12/28/01

Signature Date

Daniel S. Taub
Industry Arbitrator

Signature Date

January 8, 2002
Date of Service (For NASD office use only)

ARBITRATION PANEL

Robert E. Bartkus, Esq.	-	Public Arbitrator, Presiding Chair
Paul C. Kurland, Esq.	-	Public Arbitrator
Daniel S. Taub	-	Industry Arbitrator

Concurring Arbitrators' Signatures

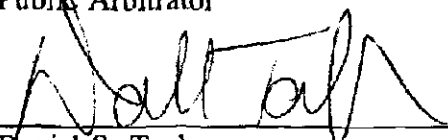
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Robert E. Bartkus, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Paul C. Kurland, Esq.
Public Arbitrator

Signature Date


Daniel S. Taub
Industry Arbitrator

12/26/01
Signature Date

January 8, 2002

Date of Service (For NASD office use only)