

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

William Roncaioli and Anne M. Roncaioli, JTEN, and William Roncaioli IRA and Anne M. Roncaioli IRA (Claimants) vs. Investec Ernst & Company, Royce Investment Group, Inc., and Joseph Rudy (Respondents)

Case Number: 00-04410

Hearing Site: White Plains, New York

REPRESENTATION OF PARTIES

Claimants, William Roncaioli ("W. Roncaioli"), Anne M. Roncaioli ("A. Roncaioli"), William Roncaioli IRA ("W. Roncaioli IRA"), and Anne M. Roncaioli IRA ("A. Roncaioli IRA") hereinafter collectively referred to as "Claimants": Eliot B. Gersten, Esq., Gersten & Clifford, Hartford, CT.

Respondents, Investec Ernst & Company ("Investec"), Royce Investment Group, Inc. ("Royce"), and Joseph Rudy ("Rudy"), hereinafter collectively referred to as "Respondents": Edward J. Boyle, Esq., Wilson, Elser, Moskowitz, Edelman & Dicker, LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: October 2, 2000.

W. Roncaioli signed the Uniform Submission Agreement: October 3, 2000.

W. Roncaioli IRA signed the Uniform Submission Agreement: October 3, 2000.

A. Roncaioli signed the Uniform Submission Agreement: October 3, 2000.

A. Roncaioli IRA signed the Uniform Submission Agreement: October 3, 2000.

Joint Statement of Answer filed by Respondents on or about: January 11, 2001.

Investec did not sign a Uniform Submission Agreement.

Royce did not sign a Uniform Submission Agreement.

Rudy did not sign a Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: securities fraud in violation of state and federal statutes; fraud; breach of contract; negligence; unauthorized trading; excessive trading; misrepresentation; and breach of fiduciary duty. Claimants' claims involved unspecified stocks, bonds, and options.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the

Statement of Claim and asserted the following defenses: the Statement of Claim fails to state claims upon which relief may be granted; Claimants' claims are barred by the doctrines of estoppel, waiver, ratification and laches; Claimants failed to mitigate the alleged damages; and any and all damages for which the Claimants seek recovery herein were caused by Claimants' own culpable conduct, comparative and/or contributory negligence and/or assumption of the risks.

RELIEF REQUESTED

Claimants requested unspecified compensatory damages, together with interest; an award of punitive damages against Respondents of no less than \$5,000,000.00; costs and expenses of this proceeding; reasonable attorneys' fees pursuant to statute; and such other and further relief the panel deems appropriate.

Respondents requested that Claimants' claims be dismissed in their entirety; that Respondents be awarded their attorneys' fees and costs in connection with this proceeding; and that all costs of this proceeding be assessed against the Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Investec, Royce, and Rudy did not file with NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure, and having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

During the hearing in this matter, Respondents made a Motion to Dismiss the claims of A. Roncaioli IRA. After due consideration, the panel granted said Motion to Dismiss.

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, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Investec Ernst & Company and Joseph Rudy are jointly and severally liable and shall pay to Claimants William and Anne Roncaioli the sum of \$300,000.00.

2. Respondents Investec Ernst & Company and Joseph Rudy are jointly and severally liable and shall pay to Claimants interest at the rate of 8% per annum from October 28, 2002 until payment of the award.
3. All requests for punitive damages are denied.
4. All requests for attorney fees are denied.
5. All requests for costs are denied.
6. All other relief requests are denied.
7. The claims of William Roncaioli IRA are dismissed.
8. All claims against Respondent Royce Investment Group, Inc. are dismissed in their entirety.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$ 600.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person at the time of the events giving rise to the dispute. In this matter, Investec Ernst & Company and Royce Investment Group, Inc. are parties.

Investec Ernst & Company

Member surcharge	= \$ 2,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 4,500.00

Royce Investment Group, Inc.

Member surcharge	= \$ 2,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 4,500.00

Adjournment Fees

Adjournments requested during these proceedings:

October 3, 4, 10, 11 and 12, 2001, adjournment by Respondents	= \$ 1,200.00
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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:

One (1) Pre-hearing session with a single arbitrator x \$ 450.00	= \$ 450.00
Pre-hearing conference: August 24, 2001	1 session

Two (2) Pre-hearing sessions with Panel x \$1,200.00	= \$ 2,400.00
Pre-hearing conferences: April 24, 2001	1 session
June 25, 2002	1 session

Ten (10) Hearing sessions x \$1,200.00	= \$12,000.00
Hearing Dates: October 2, 2002	2 sessions
October 3, 2002	2 sessions
October 4, 2002	2 sessions
October 10, 2002	2 sessions
October 11, 2002	2 sessions

Total Forum Fees	= \$14,850.00
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1. The Panel has assessed \$7,425.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$7,425.00 of the forum fees jointly and severally against Respondents Investec Ernst & Company and Joseph Rudy.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
<u>Forum Fees</u>	<u>= \$7,425.00</u>
Total Fees	= \$8,025.00
<u>Less payments</u>	<u>= \$1,800.00</u>
Balance Due NASD Dispute Resolution	= \$6,225.00

2. Investec is solely liable for:

<u>Member Fees</u>	<u>= \$7,600.00</u>
Total Fees	= \$7,600.00
<u>Less payments</u>	<u>= \$7,600.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Royce is solely liable for:

<u>Member Fees</u>	<u>= \$7,600.00</u>
Total Fees	= \$7,600.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$7,600.00

4. Respondents Investec and Rudy are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$7,425.00</u>
Total Fees	= \$7,425.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$7,425.00

5. Respondents are jointly and severally liable for:

<u>Adjournment Fee</u>	<u>= \$1,200.00</u>
Total Fees	= \$1,200.00
<u>Less payments</u>	<u>= \$1,200.00</u>
Balance due NASD Dispute Resolution	= \$ 0.00

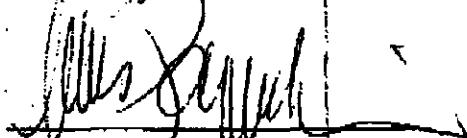
All balances are payable to NASD Dispute Resolution, and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Claus Z. Pappenheimer	-	Public Arbitrator, Presiding Chair
Mitchell S. Friedman, Esq.	-	Public Arbitrator
John A. Borgese, Esq.	-	Non-Public 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.



Claus Z. Pappenheimer
Public Arbitrator, Presiding Chair

Nov 12, 2002

Signature Date

Mitchell S. Friedman, Esq.
Public Arbitrator

Signature Date

John A. Borgese
Non-Public Arbitrator

Signature Date

November 20, 2002

Date of Service (For NASD Dispute Resolution use only)

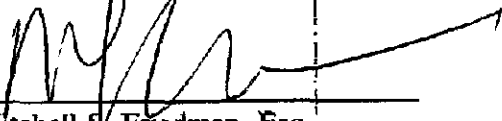
ARBITRATION PANEL

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Mitchell S. Friedman, Esq.	-	Public Arbitrator
John A. Borgese, Esq.	-	Non-Public Arbitrator

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Claus Z. Pappenheimer
Public Arbitrator, Presiding Chair



Mitchell S. Friedman, Esq.
Public Arbitrator

Signature Date:



Signature Date

John A. Borgese
Non-Public Arbitrator

Signature Date

November 20, 2002
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

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Concurring Arbitrators' Signatures

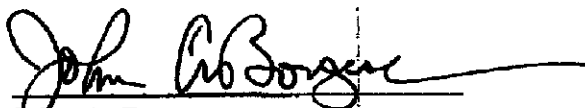
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Claus Z. Pappenheimer
Public Arbitrator, Presiding Chair

Signature Date

Mitchell S. Friedman, Esq.
Public Arbitrator

Signature Date



John A. Borgese
Non-Public Arbitrator

11/12/02

Signature Date

November 20, 2002
Date of Service (For NASD Dispute Resolution use only)