
Stipulated Award
NASD

In the Matter of the Arbitration Between:

Names of the Claimants
Ronald Cherry
Sentra Securities Corporation

Case Number: 00-04493

Names of the Respondents
Kovack Securities, Inc.
Ronald Kovack
Richard Fleischner

Hearing Site: Boca Raton, Florida

REPRESENTATION OF PARTIES

For Ronald Cherry ("Cherry") and Sentra Securities Corporation ("SSC") hereinafter collectively referred to as "Claimants": Jeffrey A. Winikoff, Esq., and Justin Kam, Esq., Stein, Rosenberg & Winikoff, P.A., Fort Lauderdale, Florida until their withdrawal as counsel on or about January 14, 2002. Thereafter, Burton W. Wiand, Esq. and Elaine M. Rice, Esq., Fowler White Boggs Banker P.A., Tampa, Florida appeared as counsel.

For Respondents Kovack Securities, Inc. ("KSI.") and Ronald Kovack ("Kovack"): Curtis Carlson, Esq., Payton & Carlson, P.A., Miami, Florida.

Respondent Richard Fleischner ("Fleischner") appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: October 3, 2000.

Claimant Cherry signed the Uniform Submission Agreement: January 2, 2001

Claimant SSC signed the Uniform Submission Agreement: November 20, 2000.

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

Statement of Answer to Amended Statement of Claim filed by Respondents KSI and Kovack on or about: January 23, 2001.

Statement of Answer filed by Respondent Fleischner on or about: February 14, 2001.

Counter-Claim filed by Respondent KSI on or about: January 23, 2001.

Respondent KSI signed the Uniform Submission Agreement: January 31, 2001.

Respondent Kovack signed the Uniform Submission Agreement: January 31, 2001.

Respondent Fleischner signed the Uniform Submission Agreement: February 15, 2001.

Statement of Answer to KSI's Counter-Claim filed by Claimants on or about: February 12, 2001.

CASE SUMMARY

Claimants asserted the following causes of action against all the Respondents: 1) civil theft; 2) breach of contract; 3) negligence; 4) libel; and, 5) tortious interference; and further asserted a claim of misappropriation of trade secrets by Respondent Fleischner. The causes of action relate to Claimant Cherry's termination of his independent contractor relationship with KSI.

Unless specifically admitted in their Answer, Respondents KSI and Kovack denied the allegations made in the Amended Statement of Claim and asserted various affirmative defenses. In addition, Respondent KSI filed a Counterclaim asserting the following causes of action: 1) raiding and unfair competition; 2) conversion of trade secrets, customer lists and confidential business information; 3) tortious interference; and, 4) unlawful conspiracy.

Unless specifically admitted in his Answer, Respondent Fleischner denied the allegations of wrongdoing contained in the Statement of Claim.

RELIEF REQUESTED

Claimants requested unspecified compensatory damages, treble damages, declaratory judgment, punitive damages, expungement of any defamatory material from Claimant Cherry's CRD records, attorney's fees and other and further relief as this Panel deems just and proper as to all Respondents and as to Respondent Richard Fleischner, specifically, Claimants requested injunctive relief. In addition, Claimants requested that the counterclaim be dismissed in its entirety.

Respondents KSI and Kovack requested that the Statement of Claim be dismissed in its entirety and further requested money due and owing from Claimant Cherry in the amount of \$5,551.62, unspecified compensatory damages, interest, punitive damages, attorney's fees and costs.

Respondent Fleischner did not specifically delineate a relief request.

OTHER ISSUES CONSIDERED AND DECIDED

On January 29, 2003, at the beginning of the final hearings, Claimants informed the Panel that they had dismissed all of their claims against Respondent Fleischner.

On January 31, 2003, at the end of the final hearings, the remaining parties notified the Panel that they had reached a settlement agreement and requested that the Panel issue a Stipulated Award and the terms of this Stipulated Award were read into the record. The parties further agreed that should there be any disagreement as to the language of the Stipulated Award, such disagreement would be heard and decided by the Chairperson of this Panel. Subsequently, on or about February 12, 2003, the parties jointly submitted a proposed Stipulated Award with a joint request for expungement of this matter from the Form U-5 records of Claimant Cherry.

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

AWARD

After considering the pleadings, the proposed Stipulated Award and joint request for expungement, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent KSI filed Form U-5 filings with respect to its internal investigation of various matters involving Cherry. KSI agrees that it shall file an amendment of its Form U-5, which acknowledges that additional information has come to its attention and that the internal investigation is closed and no violations of any securities statutes, rules or regulations were found to have occurred. Therefore, the Form U-5 filings concerning the internal investigations should be expunged. Based on this information, the Panel recommends the expungement of all reference to the above captioned arbitration from Claimant Cherry's Form U-5 records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Claimant Cherry must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
2. Respondent KSI agrees that it shall not file any additional Form U-4 or U-5 amendments with respect to Cherry except as specifically required by the instructions from Forms U-4 and U-5 and neither KSI nor Kovack shall induce any occurrence or complaint that would necessitate such filing.
3. Claimant Cherry agrees to indemnify KSI from any claims for commission compensation from any person affiliated with Seniors Insurance Agency from any transactions or applications written prior to August 4, 2000 except Claimant Cherry shall not indemnify KSI from any potential claims by Messrs. Ian Humphrey, Jeffrey Malken and/or Richard Fleischner.
4. The parties agree that the hearing session fees incurred in this matter shall be allocated sixty percent (60%) by Claimant Cherry and forty percent (40%) by Respondents KSI and Kovack.
5. The parties shall each bear their own costs, expenses and attorney's fees other than those expenses as specified above.
6. All other claims in this proceeding brought by any party are dismissed with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$500.00
Counter-claim filing fee	= \$500.00

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. Accordingly, SSC and KSI are parties to this dispute and were members of the NASD at the time the following fees were assessed:

Member surcharge	= \$1,200.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

November 5, 2001 – November 7, 2001, adjournment by Claimants = \$1,000.00

Injunctive Relief Fees

No injunctive relief fees were incurred during this proceeding.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 Panel @ \$1,000.00	= \$1,000.00
Pre-hearing conferences: April 25, 2001 1 session	
Five (5) Hearing sessions with Panel @ \$1,000.00	= \$5,000.00
Hearing Dates: January 29, 2003 2 sessions	
January 30, 2003 2 sessions	
January 31, 2003 1 session	
Total Forum Fees	= \$6,000.00

The Panel has assessed \$3,600.00 of the forum fees to Claimant Cherry.

The Panel has assessed \$2,400.00 of the forum fees jointly and severally to Respondents KSI and Kovack.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred during this proceeding.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
Postponement Fee	= \$1,000.00
Total Fees	= \$1,500.00
Less payments	= \$1,250.00

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Balance Due NASD = \$ 250.00

Claimant SSC is solely liable for:

Member Fees = \$3,800.00

Total Fees = \$3,800.00

Less payments = \$3,800.00

Balance Due NASD = \$ 0.00

Claimant Cherry is solely liable for:

Forum Fees = \$3,600.00

Total Fees = \$3,600.00

Less payments = \$1,250.00

Balance Due NASD = \$2,350.00

Respondent KSI is solely liable for:

Filing Fee = \$ 500.00

Member Fees = \$3,800.00

Total Fees = \$4,300.00

Less payments = \$4,300.00

Balance Due NASD = \$ 0.00

Respondents KSI and Kovack are jointly and severally liable for:

Forum Fees = \$2,400.00

Total Fees = \$2,400.00

Less payments = \$ 600.00

Balance Due NASD = \$1,800.00

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

ARBITRATION PANEL

Steven R. Reininger, Esq.

- Public Arbitrator, Presiding Chairperson

Carl Shechter, Esq.

- Public Arbitrator

Jeffrey C. Thompson

- Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/

Steven R. Reininger, Esq.

Public Arbitrator, Presiding Chairperson

3/13/03

Signature Date

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/s/
Carl Shechter, Esq.
Public Arbitrator

/s/
Jeffrey C. Thompson
Non-Public Arbitrator

3/14/03
Signature Date

3/13/03
Signature Date

3/14/03
Date of Service (For NASD use only)

Mar. 13, 2003 4:51PM NASD

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NASD

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Balance Due NASD = \$ 250.00

Claimant SSC is solely liable for:

Member Fees = \$3,800.00Total Fees = \$3,800.00Less payments = \$3,800.00Balance Due NASD = \$ 0.00

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Respondent KSI is solely liable for:

Filing Fee = \$ 500.00Member Fees = \$3,800.00Total Fees = \$4,300.00Less payments = \$4,300.00Balance Due NASD = \$ 0.00

Respondents KSI and Kovack are jointly and severally liable for:

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Carl Shechter, Esq.

Jeffrey C. Thompson

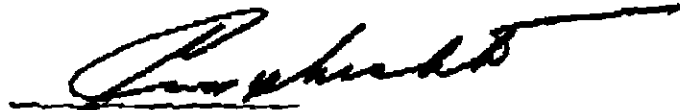
- Public Arbitrator, Presiding Chairperson
- Public Arbitrator
- Non-Public Arbitrator

Concurring Arbitrators' Signatures
Steven R. Reininger, Esq.
Public Arbitrator, Presiding Chairperson3/13/03
Signature Date

MAR-14-2003 09:36AM FROM-

Arbitration No.00-04493

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Carl Shechter, Esq.
Public Arbitrator

3/14/03

Signature Date

Jeffrey C. Thompson
Non-Public Arbitrator

Signature Date

Date of Service (For NASD use only)

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Carl Shechter, Esq.
Public Arbitrator


Jeffrey C. Thompson
Non-Public Arbitrator

Signature Date

3/13/03

Signature Date

Date of Service (For NASD use only)