

Stipulated Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Claimant

J.J.B. Hilliard, W.L. Lyons, Inc.

Case No. 00-04739

Respondent

John C. Sabo

REPRESENTATION OF PARTIES

Claimant J.J.B. Hilliard, W.L. Lyons, Inc. ("Hilliard Lyons") was represented by Attorney Michael N. Ungar, Esq. of the law firm of Ulmer & Berne, LLP, Cleveland, Ohio.

Respondent John C. Sabo ("Respondent") was represented by Attorney Brian A. Carlis, Esq. of Stark & Stark, PC, Princeton, New Jersey.

CASE INFORMATION

Statement of Claim filed on: October 23, 2001

Hilliard Lyons signed the Uniform Submission Agreement: October 23, 2001

Statement of Answer filed by Respondent on: January 3, 2001

Respondent John C. Sabo signed the Uniform Submission Agreement: On or about January 3, 2001

CASE SUMMARY

Hilliard Lyons asserted the following causes of action: Breach of Financial Consultant Credit Facility Agreement, Promissory Note and Separation Agreement. Hilliard Lyons attached a Financial Consultant Credit Facility Agreement signed by the Respondent and a Promissory Note signed by the Respondent promising to repay a \$700,000.00 loan. Pursuant to the settlement agreement between the parties relating to Respondent's \$700,000.00 debt to Hilliard Lyons, the parties entered into a Separation Agreement whereby Respondent promised to repay Hilliard Lyons \$500,000.00 in one lump sum payment, and in the event of default, to repay the remaining balance

of the \$700,000.00 Promissory Note, plus interest. The causes of action relate to Respondent's failure to honor his obligations to Hilliard Lyons under the terms of the Separation Agreement.

Respondent admitted that he signed the Credit Facility Agreement, Promissory Note and Separation Agreement, but denied the claims in the Statement of Claim.

RELIEF REQUESTED

Hilliard Lyons requested the following damages:	\$700,000.00
Interest	\$ Through date of Award
Attorneys' Fees	\$ Through date of Award

OTHER ISSUES CONSIDERED AND DECIDED

At the hearing, Hilliard Lyons and Respondent agreed to enter a Stipulation of Award as detailed below. This Stipulation of Award is being submitted to the panel for its consideration.

The parties have agreed that the Stipulated Award in this matter may be executed in counterpart copies.

AWARD

On July 10, 2001, the parties entered an agreement to present to the panel a Stipulated Award. Now, in lieu of a full hearing and upon motion of both parties for entry of an award, the written stipulation thereto, the panel hereby grants the motion and enters this award granting the following relief:

1) Respondent shall pay to Claimant the sum of Seven Hundred Thousand dollars and no cents (\$700,000.00) (the "Award Amount").

2) The parties agree that no execution on this Award shall occur and the Award shall be deemed satisfied, provided that Respondent makes the following payments in immediately available lawful money of the United States to Hilliard Lyons at Hilliard Lyons Center, Louisville, Kentucky 40202-2517 (Attn: James Allen) or such other place as Hilliard Lyons may designate, without interest (except as provided below):

(a) Three Hundred Fifty Thousand dollars and no cents (\$350,000.00) in accordance with the following schedule:

i) \$150,000.00 received by Hilliard Lyons on or before July 30, 2001;

- ii) \$ 50,000.00 received by Hilliard Lyons on or before November 1, 2001;
- iii) \$ 50,000.00 received by Hilliard Lyons on or before February 1, 2002;
- iv) \$ 50,000.00 received by Hilliard Lyons on or before May 1, 2002; and
- v) \$ 50,000.00 received by Hilliard Lyons on or before August 1, 2002; and

(b) The first \$100,000 of any net proceeds (i.e., gross proceeds less attorney's fees and reasonable and necessary litigation expenses) recovered by Respondent from Tucker Anthony Inc./Gibraltar Securities, or any of their respective employees, affiliates, related parties, successors or assigns (collectively, "Tucker Anthony") in connection with all claims Respondent has or may have against Tucker Anthony.

In the event Hilliard Lyons fails to receive payment of any amount under this Paragraph 2 when due (an "Event of Default"), then the entire Award Amount (\$700,000.00), less any payments previously received by Hilliard Lyons hereunder, shall at once be due and payable to Hilliard Lyons, which amount shall bear interest at the rate of 10% per annum from the date on which the Event of Default occurred. Respondent shall indemnify Hilliard Lyons from all costs and expenses (including reasonable attorney's fees) incurred by Hilliard Lyons in the enforcement of this Agreement upon the occurrence of an Event of Default.

3) In the event of an Event of Default or other default by Respondent of any terms of this Agreement, in any manner whatsoever, a Stipulated Order confirming judgment on this Award in the amount of \$700,000.00, plus interest at 10% per annum from the date of Respondent's default, less any payments already made by Respondent, will be filed with the New Jersey Superior Court or any other court of competent jurisdiction. A copy of this Order is attached as Exhibit 1.

4) The NASD Forum fees and assessments will be divided equally between the parties as set forth below and except upon an Event of Default as provided in Paragraph 2 above. All other costs and expenses, including attorneys' fees, shall be borne by the respective parties.

5) Hilliard Lyons hereby releases, settles, cancels, discharges and acknowledges to be fully satisfied any and all complaints, claims, demands, rights and causes of action of every kind, nature and description whatsoever, whether currently known or unknown, suspected or unsuspected, which he may now or hereafter have, may have or assert against Sabo arising or resulting from, or in any manner connected with, the claims, events, agreements or injuries, losses and damages which were alleged or could have been alleged in the arbitration.

6) Sabo hereby releases, settles, cancels, discharges and acknowledges to be fully satisfied any and all complaints, claims, demands, rights and causes of action of every kind, nature and description whatsoever, whether currently known or unknown, suspected or unsuspected, which he may now or

hereafter have, may have or assert against Hilliard Lyons arising or resulting from, or in any manner connected with, the claims, events, agreements or injuries, losses and damages which were alleged or could have been alleged in the arbitration.

7) **Notwithstanding the foregoing, this Release does not apply: (i) to customer complaints; (ii) to compliance or regulatory matter; (iii) to claims initiated by any third parties; (iv) to the enforcement of the terms of this Agreement; (v) to any other matter between Hilliard Lyons and Sabo not released herein.**

9) Any and all relief not specifically addressed herein is denied.

FEEES

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 = \$1,250.00

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
Hearing process fee = \$3,500.00

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:

1 Pre-hearing session with Panel x \$1,200.00 = \$1,200.00

Pre-hearing conference: Date 05/02/01 Number of Sessions 1

1 Hearing session with Panel x \$1,200.00 = \$1,200.00

Hearing conference: Date 07/10/01 Number of Sessions 1

Total Forum Fees = \$2,400.00

The parties agree to assessed forum fees to the parties as follows:

1. Hilliard Lyons (50%)
2. Respondent (50%)

Fee Summary

Hilliard Lyons is assessed the following fees:

Member Fees	= \$6,100.00
Forum Fees	= \$1,200.00
<u>Initial claim filing fee</u>	= <u>\$1,250.00</u>
 Total Fees	 = \$8,550.00
<u>Less Payments</u>	= <u>\$8,550.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$0.00

Respondent is assessed the following:

<u>Forum Fees</u>	= <u>\$1,200.00</u>
Total Fees	= \$1,200.00
<u>Less Payments</u>	= <u>\$0.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,200.00

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

Concurring Arbitrators' Signatures

Arbitrator's Name
Public Arbitrator, Presiding Chairperson

Signature Date

Arbitrator's Name
Public Arbitrator, Panelist

Signature Date

Arbitrator's Name
Non Public Arbitrator, Panelist

Signature Date

January 25, 2002
Date Stipulated Award Served by NASD-DR

Parties' Signatures

Hilliard Lyons (Claimant)

By: James R. Allen

Its: Exec. V. P.

10/17/01
Signature Date

John C. Sabo (Respondent)

Signature Date

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Concurring Arbitrators' Signatures

Arbitrator's Name
Public Arbitrator, Presiding Chairperson

Signature Date

Arbitrator's Name
Public Arbitrator, Panelist

Signature Date

Arbitrator's Name
Non Public Arbitrator, Panelist

Signature Date

January 25, 2002
Date Stipulated Award Served by NASD-DK

Parties' Signatures

Hillard Lyons (Claimant)

By: _____


Signature Date

Its: _____

John C. Saha (Respondent)

10/12/01
Signature Date

Concurring Arbitrators' Signatures



Arbitrator's Name John J. Bucko
Public Arbitrator, Presiding Chairperson

1/8/2002

Signature Date

Arbitrator's Name
Public Arbitrator, Panelist

Signature Date

Arbitrator's Name
Non Public Arbitrator, Panelist

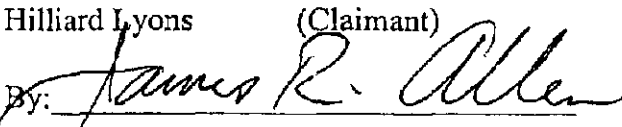
Signature Date

January 25, 2002

Date Stipulated Award Served by NASD-DR

Parties' Signatures

Hilliard Lyons (Claimant)

By: 

Its: Exec. V.P.

10/17/01

Signature Date

John C. Sabo (Respondent)

Signature Date

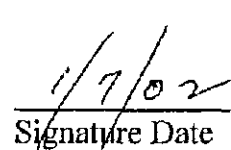
Concurring Arbitrators' Signatures

Arbitrator's Name
Public Arbitrator, Presiding Chairperson

Signature Date



Arbitrator's Name
Public Arbitrator, Panelist



Signature Date

Arbitrator's Name
Non Public Arbitrator, Panelist

Signature Date

January 25, 2002

Date Stipulated Award Served by NASD-DR

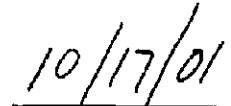
Parties' Signatures

Hilliard Lyons (Claimant)

By: 

Its: 

Exec. V. P.



Signature Date

John C. Sabo (Respondent)

Signature Date

Concurring Arbitrators' Signatures

Arbitrator's Name
Public Arbitrator, Presiding Chairperson

Signature Date

Arbitrator's Name
Public Arbitrator, Panelist

Signature Date

Arbitrator's Name
Non Public Arbitrator, Panelist *John Sergio*

1-12-01

Signature Date

A13925
January 25, 2002

Date Stipulated Award Served by NASD-DR

Parties' Signatures

Hilliard Lyons (Claimant)

By: *James R. Allen*

Its: *Exec. V.P.*

10/17/01

Signature Date

John C. Sabo (Respondent)

Signature Date