

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Russell Bedford and Sharon Bedford, (Claimants) vs. Metlife Securities, Inc. and Douglas Gismondi, (Respondents)

Case Number: 00-05072

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants, Russell Bedford ("R. Bedford") and Sharon Bedford ("S. Bedford"), hereinafter collectively referred to as "Claimants": Mitchell H. Cobert, Esq., a sole practitioner, Morristown, NJ.

Respondent, Metlife Securities, Inc. ("Metlife"): Jeffrey S. Lichtman, Esq., Skadden, Arps, Slate, Meagher & Flom LLP, New York, NY.

Respondent, Douglas Gismondi ("Gismondi"), did not make an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: November 14, 2000.

R. Bedford signed the Uniform Submission Agreement: November 14, 2000.

S. Bedford signed the Uniform Submission Agreement: November 14, 2000.

Statement of Answer filed by Metlife on or about: February 23, 2001.

Metlife did not sign a Uniform Submission Agreement.

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

CASE SUMMARY

Claimants asserted the following causes of action: improper, defaulted loans; improper investments; breach of contract; breach of fiduciary duty; fraudulent practices; unsuitable recommendations; negligence; and consumer fraud. Claimants' claim involved investments in Aspen Total Fitness of Montgomery, Inc. ("Aspen").

Unless specifically admitted in its Answer, Metlife denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants fail to state a claim against Metlife upon which relief may be granted; each and every claim against Metlife is barred by the statute of limitations; each and every claim directed against Metlife is barred by the doctrines of waiver, estoppel, and ratification; any damage, injury, or loss Claimants may have incurred was due solely to the intervening and superseding negligence and/or fault of Claimants and others, who were not associated with Metlife, of whom Metlife had no knowledge and over whom Metlife had no control, and such damage, injury, or loss was not proximately caused by Metlife; Claimants failed to mitigate any damages they may have incurred; Claimants knew and assumed the risks of the investments at issue and Claimants should be held accountable for their actions; each and every claim directed against Metlife is barred by the parol evidence rule and by the statute of frauds; and Metlife acted in a commercially responsible manner, consistent with obligations and responsibilities, if any, to Claimants.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$7,500.00 as reimbursement for the loans made to Gismondi, and an additional \$100,000.00 for the losses suffered on the Aspen investments. Claimants also requested consequential damages in the amount of \$100,000.00, interest, costs, attorneys' fees, punitive damages, and such other relief as the Panel may deem appropriate.

Metlife requested that Claimants' claims for damages be denied in all respects, and that the costs of this proceeding, including counsel's fees, be assessed against the Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearings in this matter, Metlife made a Motion to Dismiss. After due consideration, the Panel denied said Motion.

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

Metlife and Gismondi 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. Respondents be and hereby are jointly and severally liable for and shall pay to Claimants the sum of \$41,023.04 as compensatory damages, plus interest at the rate of 9% accruing from January 8, 1996 until date of payment.
2. Respondents be and hereby are jointly and severally liable for and shall pay to Claimants the sum of \$43,395.38 as compensatory damages, plus interest at the rate of 9% accruing from March 1, 1996 until date of payment.
3. Gismondi be and hereby is solely liable for and shall pay to Claimants the sum of \$6,750.00 as compensatory damages, plus interest at the rate of 9% accruing from January 8, 1996 until date of payment.
4. Respondents be and hereby are jointly and severally liable for and shall pay to Claimants the sum of \$300.00, to reimburse Claimants for the filing fee previously paid to NASD Dispute Resolution, Inc.
5. 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

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, Metlife Securities, Inc. is a party.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

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:

One (1) Pre-hearing session with Panel x \$1,125.00	= \$1,125.00
Pre-hearing conference: June 26, 2001	1 session
Four (4) Hearing sessions x \$1,125.00	= \$4,500.00
Hearing Dates: February 19, 2002	2 sessions
February 20, 2002	2 sessions
Total Forum Fees	= \$5,625.00

The Panel has assessed all of the forum fees jointly and severally against Respondents.

Fee Summary

1. Claimants be and hereby are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 300.00
Total Fees	= \$ 300.00
<u>Less payments</u>	= \$1,425.00
Refund Due Claimants	= \$1,125.00

As stated in the "Award" section above, Respondents are jointly and severally liable and shall reimburse Claimants for the \$300.00 filing fee.

2. Metlife be and hereby is solely liable for:

<u>Member Fees</u>	= \$4,600.00
Total Fees	= \$4,600.00
<u>Less payments</u>	= \$4,600.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

3. Respondents be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$5,625.00
Total Fees	= \$5,625.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$5,625.00

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

ARBITRATION PANEL

Thomas R. Farrell, Esq.	-	Public Arbitrator, Presiding Chair
Marion Yuen, MA	-	Public Arbitrator
James N. Baxter	-	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.

Thomas R. Farrell
Thomas R. Farrell, Esq.
Public Arbitrator, Presiding Chair

3/14/02
Signature Date

Marion Yuen, MA
Public Arbitrator

Signature Date

James N. Baxter
Industry Arbitrator

Signature Date

March 19, 2002

Date of Service (For NASD office use only)

ARBITRATION PANEL

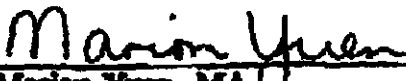
Thomas R. Farrell, Esq.	-	Public Arbitrator, Presiding Chair
Marion Yuen, MA	-	Public Arbitrator
James N. Baxter	-	Industry Arbitrator

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.

Thomas R. Farrell, Esq.
Public Arbitrator, Presiding Chair

Signature Date


Marion Yuen, MA
Public Arbitrator

Signature Date

James N. Baxter
Industry Arbitrator

Signature Date

March 19, 2002

Date of Service (For NASD office use only)

ARBITRATION PANEL

Thomas R. Farrell, Esq. -
Marion Yuen, MA -
James N. Baxter -

Public Arbitrator, Presiding Chair
Public Arbitrator
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.

Thomas R. Farrell, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Marion Yuen, MA
Public Arbitrator

Signature Date


James N. Baxter
Industry Arbitrator

Signature Date

March 19, 2002

Date of Service (For NASD office use only)