

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

The Blackstone Group and Allan Kowalski

and

00-05307
Dallas, Texas

Name of Respondents

Robert D. Schumacher
Adam Mosslih

REPRESENTATION OF PARTIES

The Blackstone Group and Allan Kowalski ("**Claimants**") were represented by Allan Kowalski.

Robert Schumacher ("**Respondent Schumacher**") did not appear at the hearing.

Adam Mosslih ("**Respondent Mosslih**") was represented by Marc J. Ross of Ross and Friedman LLP, located in New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about November 30, 2000. Submission Agreements of Claimants were signed on November 25, 2000.

Statement of Answer was filed by Respondent Robert D. Schumacher on or about January 30, 2001. Submission Agreement of Respondent Robert D. Schumacher was signed on December 29, 2000.

Statement of Answer was filed by Respondent Adam Mosslih on or about January 30, 2001. Submission Agreement of Respondent Adam Mosslih was signed on December 29, 2001.

CASE SUMMARY

Claimants alleged that the margin agreement signed in connection with their accounts were violated by Respondents. Claimants further alleged causes of action including the following: negligence improper execution, failure to execute, churning, market manipulation, misrepresentation and non-disclosure, and fraud in connection with the handling of their accounts.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated that any losses in Claimants' account were due to market fluctuations and that all margin agreements were honored and properly applied.

RELIEF REQUESTED

Claimant requested an award in the amount of \$1,522,500.22 in compensatory damages, \$150,000.00 in punitive damages and all other costs and relief that may be awarded.

Respondents requested that the claims asserted against them be denied in its entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Robert D. Schumacher has been properly served with the Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Robert D. Schumacher had received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

On October 4, 2001 the Claimants advised the NASD that Claimants and Respondents Adam Mosslih had settled their dispute. Therefore, the panel made no further rulings as to Respondent Adam Mosslih.

The parties present at the hearing have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the originals remain on file with the NASD Dispute Resolution, Inc. (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondent Robert Schumacher is liable for and shall pay Claimants The Blackstone Group and Allan Kowalski \$400,000.00 (four hundred thousand dollars) in compensatory damages. In making this award of compensatory damages the arbitrators heard and considered all arguments of the parties, pleadings, documents and post hearing briefs and find that Respondent Robert Schumacher committed fraud in connection with his trades in Claimants' accounts;
2. That Respondent Robert Schumacher is liable for and shall pay Claimants The Blackstone Group and Allan Kowalski \$2000.00 (two thousand dollars) in witness fees;
3. No rulings are made as to Respondent Adam Mosslih as Claimants and Respondent Adam Mosslih settled their dispute prior to the hearing of this matter.
4. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief including punitive damages by any party hereto are denied with prejudice;

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 = \$500.00

Forum Fees and Assessments

The Arbitration 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 \$1,200.00	= \$1,200.00
Pre-hearing conference: April 17, 2001 1 session	
One (1) Hearing sessions with Panel x \$1,200.00	= \$1,200.00
Hearing Date: <u>October 24, 2001</u> <u>1 session</u>	
Total Forum Fees	= \$2,400.00

The Arbitration Panel has assessed \$2,400 of the forum fees to Respondent Robert D. Schumacher.

Fee Summary

Claimants, shall be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$500.00
<u>Forum Fees</u>	= \$0.00
Total Fees	= \$500.00
<u>Less payments</u>	= \$1,700.00
Refund Due Claimants	= \$1,200.00

Respondent, Robert D. Schumacher, shall be and hereby is liable for:

<u>Forum Fees</u>	= \$2,400.00
Total Fees	= \$2,400.00
<u>Less payments</u>	= \$00.00
Balance Due NASD Dispute Resolution, Inc.	= \$2,400.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Adrian Alter - Public Arbitrator, Presiding Chair
Robert E. Otto - Non-Public Arbitrator
D. Richard Dennis - Public Arbitrator

Concurring Arbitrators:

Adrian Alter
Public Arbitrator, Presiding Chair

Signature Date

Robert E. Otto
Non-Public Arbitrator

Signature Date

D. Richard Dennis
Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 00-05307
Award Page 4 of 4

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Adrian Alter
Adrian Alter
Public Arbitrator, Presiding Chair

12/18/01
Signature Date

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Robert E. Otto
Non-Public Arbitrator

Signature Date

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Public Arbitrator

Signature Date

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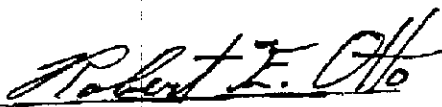
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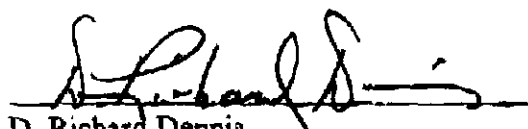
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Public Arbitrator, Presiding Chair

Signature Date

Robert E. Otto
Non-Public Arbitrator

Signature Date


D. Richard Dennis
Public Arbitrator

12/15/01
Signature Date