

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Frank Artiglere, Christine Artiglere, Peter Caporaso, June Caporaso, Gennaro Frasso, Antoinette Frasso, Guissepe Perrotta, Maria Perrotta, Mary Spagnuolo, Gerardo Frasso, Angelina Frasso, Antonio Frasso, Patrick Reynolds and Maria Reynolds, Doris Kloss, Robert Chandler, Barbara Chandler, Paul Gomes, Mary Gomes, Audrey Esposito, Louann Esposito, and Vreni Odell (Claimants) v. Louis Romano, Seaboard Securities, Inc., Family Games Room, Inc., D.B. Alex Brown, LLC, Oppenheimer Funds, Lord Abbett & Co., Inc., Franklin Group of Funds, Franklin Trust Company, Franklin Templeton, Fidelity Investments, ABC Corporations (Fictitious Corporations Nos. 1 through 100), and John or Jane Does (Fictitious Persons Nos. 1 through 100) (Respondents)

Case Number: 01-00004

Hearing Site: New York, New York

Nature of the Dispute: Customers v. Member, Non-Members, and Associated Persons.

REPRESENTATION OF PARTIES

Claimants Frank Artiglere ("F. Artiglere"), Christine Artiglere ("C. Artiglere"), Peter Caporaso ("P. Caporaso"), June Caporaso ("J. Caporaso"), Gennaro Frasso ("G. Frasso"), Antoinette Frasso ("A. Frasso"), Guissepe Perrotta ("G. Perrotta"), Maria Perrotta ("M. Perrota"), Mary Spagnuolo ("M. Spagnuolo"), Gerardo Frasso ("Gerardo Frasso"), Angelina Frasso ("Angelina Frasso"), Antonio Frasso ("Antonio Frasso"), Patrick Reynolds ("P. Reynolds") and Maria Reynolds ("M. Reynolds"), Doris Kloss ("D. Kloss"), Robert Chandler ("R. Chandler"), Barbara Chandler ("B. Chandler"), Paul Gomes ("P. Gomes"), Mary Gomes ("M. Gomes"), Audrey Esposito ("A. Esposito"), Louann Esposito ("L. Esposito"), and Vreni Odell ("V. Odell") hereinafter collectively referred to as "Claimants": Ernest E. Badway, Esq., Saiber Schlesinger Satz & Goldstein, LLC, Newark, NJ.

Respondent Seaboard Securities, Inc ("Seaboard"): John C. Kelly, Esq., McCarter & English, LLP, Newark, NJ.

Respondent Deutsche Banc Alex Brown, Inc. ("DB Alex Brown"): Thomas P. Lloyd, Esq., Deutsche Banc Alex Brown, Inc., Baltimore, MD.

Respondent Lord Abbett & Co., Inc. ("Lord Abbett"): Charles R. Mills, Esq., Kirkpatrick & Lockhart, LLP, Washington, D.C.

Respondent Fidelity Distributors Corporation (misnamed herein as Fidelity Investments)

("Fidelity"): Michael G. Shannon, Esq., Brown Raysman Millstein Felder & Steiner, New York, NY.

Respondent Louis Romano ("Romano") did not enter an appearance in this matter.

Respondent Family Games Room, Inc. ("Family Games") did not enter an appearance in this matter.

Respondent Oppenheimer Funds ("Oppenheimer") did not enter an appearance in this matter.

Respondent Franklin Group of Funds ("Franklin Group of Funds") did not enter an appearance in this matter.

Respondent Franklin Trust Company ("Franklin Trust") did not enter an appearance in this matter.

Respondent Franklin Templeton ("Franklin Templeton") did not enter an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: January 2, 2001.

Claimants' Opposition to Respondent Lord Abbett's Motion to Dismiss the Statement of Claim filed on or about: August 2, 2001.

Claimants' Opposition to Respondent DB Alex Brown's Motion to Dismiss the Statement of Claim filed on or about: October 24, 2001.

Claimants' Opposition to Respondent Fidelity's Motion to Dismiss the Statement of Claim filed on or about: December 5, 2001.

Claimants' Opposition to Respondent Lord Abbett's Motion for Summary Disposition filed on or about: January 4, 2002.

Amended Statement of Claim filed on or about: February 13, 2002.

Motion to Permit Claimant to File a Second Amended Statement of Claim filed on or about: May 7, 2002.

Second Amended Statement of Claim filed on or about: May 7, 2002.

Claimants' Opposition to Respondent Fidelity's Motion for Pre-Hearing Dismissal of the Amended Statement of Claim filed on or about: April 30, 2002.

Third Amended Statement of Claim filed on or about: October 23, 2002.

Claimant F. Artiglere signed the Uniform Submission Agreement: January 29, 2001.

Claimant C. Artiglere signed the Uniform Submission Agreement: January 29, 2001.

Claimant P. Caporaso signed the Uniform Submission Agreement: January 31, 2001.

Claimant J. Caporaso signed the Uniform Submission Agreement: January 31, 2001.

Claimant G. Frasso signed the Uniform Submission Agreement: January 26, 2001.

Claimant A. Frasso signed the Uniform Submission Agreement: January 26, 2001.

Claimant G. Perrotta signed the Uniform Submission Agreement: January 16, 2001.
Claimant M. Perrotta signed the Uniform Submission Agreement: January 16, 2001.
Claimant M. Spagnuolo signed the Uniform Submission Agreement: January 26, 2001.
Claimant Gerardo Frasso signed the Uniform Submission Agreement: January 26, 2001.
Claimant Angelina Frasso signed the Uniform Submission Agreement: January 26, 2001.
Claimant Antonio Frasso signed the Uniform Submission Agreement: January 26, 2001.
Claimant P. Reynolds signed the Uniform Submission Agreement: January 26, 2001.
Claimant M. Reynolds signed the Uniform Submission Agreement: January 26, 2001.
Claimant D. Kloss signed the Uniform Submission Agreement: February 12, 2001.
Claimant R. Chandler signed the Uniform Submission Agreement: December 22, 2000.
Claimant B. Chandler signed the Uniform Submission Agreement: December 22, 2000.
Claimant P. Gomes signed the Uniform Submission Agreement: December 22, 2000.
Claimant M. Gomes signed the Uniform Submission Agreement: December 22, 2000.
Claimant A. Esposito did not sign the Uniform Submission Agreement.
Claimant L. Esposito did not sign the Uniform Submission Agreement.
Claimant V. Odell did not sign the Uniform Submission Agreement.

Statement of Answer, Affirmative Defenses, and Cross-Claim filed by Respondent Seaboard on or about: August 2, 2001.
Answer to Cross-Claims of Respondent Fidelity and Respondent Lord Abbett filed by Respondent Seaboard on or about: April 9, 2002.
Motion to Compel Respondents Romano and Family Games to Answer Claimants' Amended Statement of Claim filed by Respondent Seaboard on or about: August 7, 2002.
Respondent Seaboard signed the Uniform Submission Agreement: July 9, 2001.

Statement of Answer and Motion to Dismiss filed by Respondent DB Alex Brown on or about: September 14, 2001.
Respondent DB Alex Brown signed the Uniform Submission Agreement.

Statement of Answer, Cross-Claim, and Motion to Dismiss filed by Respondent Lord Abbett on or about: July 11, 2001.
Statement of Answer and Cross-Claim filed by Respondent Lord Abbett on or about: April 20, 2001.
Motion for Summary Disposition filed by Respondent Lord Abbett on or about: December 12, 2001.
Amended Motion for Summary Disposition filed by Respondent Lord Abbett on or about: April 20, 2002.
Opposition to Claimants' Motion to File a Second Amended and Revised Second Amended Statement of Claim filed by Respondent Lord Abbett on or about: June 7, 2002.
Response to Claimants' Opposition to Lord Abbett's Amended Motion for Summary Disposition filed by Respondent Lord Abbett on or about: June 14, 2002.
Respondent Lord Abbett signed the Uniform Submission Agreement: July 9, 2001.

Answer, Cross-Claim, and Motion to Dismiss filed by Respondent Fidelity on or about: November 12, 2001.

Motion for a Pre-Hearing Dismissal of Amended Statement of Claim As Against Respondent Fidelity With Answer and Cross-Claim filed by Respondent Fidelity on or about: April 4, 2002.

Respondent Fidelity signed the Uniform Submission Agreement: November 15, 2001.

Respondent Romano did not file a Statement of Answer or sign the Uniform Submission Agreement.

Respondent Family Games did not file a Statement of Answer or sign the Uniform Submission Agreement.

Respondent Oppenheimer did not file a Statement of Answer or sign the Uniform Submission Agreement.

Respondent Franklin Group of Funds did not file a Statement of Answer or sign the Uniform Submission Agreement.

Respondent Franklin Trust did not file a Statement of Answer or sign the Uniform Submission Agreement.

Respondent Franklin Templeton did not file a Statement of Answer or sign the Uniform Submission Agreement.

CASE SUMMARY

In the Statement of Claim, Amended Statement of Claim, Second Amended Statement of Claim, and Third Amended Statement of Claim, Claimants asserted the following causes of action: conversion; breach of fiduciary duties; money had and received; common law fraud; violation of the New Jersey Securities Act; violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; consumer fraud; breach of contract; respondeat superior; prima facie tort; and negligence. Claimants' claims involved unspecified common stock, corporate bonds, government securities, and mutual funds.

Unless specifically admitted in its Answer, Respondent Seaboard denied the allegations made in the Statement of Claim and asserted various affirmative defenses. Unless specifically admitted in its Answer to the Cross-Claims of Fidelity and Lord Abbett, Seaboard denied the allegations made in the Cross-Claim and incorporated the various affirmative defenses set forth in its Answer to Claimants' Statement of Claim. In its Cross-Claim against Respondents Romano and Family Game, Seaboard asserted the following cause of action: indemnification.

Unless specifically admitted in its Answer and Motion to Dismiss, Respondent DB Alex Brown denied the allegations set forth in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Statement of Answer and Cross-Claim and Statement of Answer, Cross-Claim, and Motion to Dismiss, Respondent Lord Abbett denied the allegations set forth in the Statement of Claim and asserted various affirmative defenses. In its Cross-Claim against Respondents Seaboard and Romano, Lord Abbett asserted the following cause of action: indemnification.

Unless specifically admitted in its Answer, Cross-Claim, and Motion to Dismiss, Respondent Fidelity denied the allegations set forth in the Statement of Claim and asserted various affirmative defenses. In its Cross-Claim against Respondents Seaboard and Romano, Fidelity asserted the following cause of action: indemnification.

RELIEF REQUESTED

In their Statement of Claim and Amended Statement of Claim, Claimants requested compensatory damages in the amount of \$306,000.00 plus interest; consequential and incidental damages; treble damages in the amount of \$612,000.00; punitive damages; interest; costs; attorneys' fees; and such other and further relief as the Court may deem just and proper.

In their Second Amended Statement of Claim, Claimants requested compensatory damages in the amount of \$340,000.00 plus interest; consequential and incidental damages; treble damages in the amount of \$680,000.00; punitive damages; interest; costs; attorneys' fees; and such other and further relief as the Court may deem just and proper.

In their Third Amended Statement of Claim, Claimants requested compensatory damages in the amount of \$410,000.00 plus interest; consequential and incidental damages; treble damages in the amount of \$820,000.00; punitive damages; interest; costs; attorneys' fees; and such other and further relief as the Court may deem just and proper.

In Claimants' Opposition to Respondent Fidelity's Motion for Pre-Hearing Dismissal of the Amended Statement of Claim, Claimant requested that the Motion be denied in its entirety.

In Claimants' Opposition to Respondent Fidelity's Motion to Dismiss the Statement of Claim, Claimants requested that the Motion be denied and that Fidelity be sanctioned for filing a premature motion that is unsupportable in fact or in law.

In Claimants' Opposition to Respondent Lord Abbett's Motion to Dismiss the Statement of Claim, Claimants requested that the Motion be denied in its entirety.

In Claimants' Opposition to Respondent DB Alex Brown's Motion to Dismiss, Claimants requested that the Motion be denied in its entirety and that DB Alex Brown be sanctioned for filing a frivolous motion.

In Claimants' Opposition to Respondent Lord Abbett's Motion for Summary Disposition, Claimants requested that the Motion be denied in its entirety and that Lord Abbett be assessed costs for causing Claimants to contest a second, duplicative, premature motion.

In Respondent Seaboard's Answer, Affirmative Defenses, and Cross-Claim, Seaboard requested that if Seaboard is liable for any award, that Respondents Romano and Family Game be liable to Seaboard in an amount equal such liability and further award Seaboard its cost, interest, and attorneys' fees; that the Panel dismiss Claimants' Statement of Claim with prejudice; assess Seaboard's costs and fees against Claimants; and grant such other and further relief that this Panel deems proper, just, and necessary.

In its Motion to Compel Respondents Romano and Family Game to Answer Claimants' Amended Statement of Claim, Respondent Seaboard requested that the Panel grant the Motion with an order compelling Respondents Romano and Family Game to timely answer and bar them from presenting facts and defenses at the hearing of this matter if they fail to do so.

In its Answer and Motion to Dismiss, Respondent DB Alex Brown requested that the Statement of Claim be dismissed, with prejudice; that it be awarded costs, including attorneys' fees; and for such other relief as the Arbitrators deem proper.

In its Answer, Cross-Claim, and Motion to Dismiss, and its Answer and Cross-Claim, Respondent Lord Abbett requested that the claims asserted against it be dismissed in their entirety and that the Panel order the Claimants to pay Lord Abbett its fees and costs, including reasonable attorneys' fees.

In its Response to Claimants' Opposition to Lord Abbett's Amended Motion for Summary Disposition, Lord Abbett requested that the Panel grant its Amended Motion for Summary Disposition and award Lord Abbett attorneys' fees.

In its Opposition to Claimants' Motion to File a Second Amended and Revised Second Amended Statement of Claim, Lord Abbett requested that the Panel deny the Motion.

In its Motion for Summary Disposition and its Amended Motion for Summary Disposition, Lord Abbett requested that the Panel dismiss the Statement of Claim in its entirety against it and award Lord Abbett its reasonable costs and attorneys' fees.

In its Answer, Cross-Claim, and Motion to Dismiss, and in its Motion for Pre-Hearing Dismissal of Amended Statement of Claim as against Respondent Fidelity with Answer

and Cross-Claim, Respondent Fidelity requested that the Claimants' complaint against it be dismissed; that the claims against Fidelity be denied; to the extent that Fidelity is ordered to pay the Claimants, that Fidelity's Cross-Claim for indemnification against Romano and Seaboard be granted; that it be awarded its reasonable fees and costs; and that the Claimants be ordered to pay all administrative costs and fees.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Respondent Romano 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 said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondent Romano did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and is bound by the determination of the Panel on all issues submitted.

Respondents Family Games, Oppenheimer, Franklin Group of Funds, Franklin Trust and Franklin Templeton are not NASD members and, therefore, were not required to arbitrate in this forum and did not submit to NASD Dispute Resolution's jurisdiction.

Respondent Seaboard made a motion to dismiss all claims arising prior to December 29, 1994 as ineligible under NASD Rule 10304. The Panel reserved decision.

By order of the Panel dated September 19, 2002, all claims were dismissed against Respondents Lord Abbett, Fidelity, and DB Alex Brown.

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. Claimants' claims are denied in their entirety. Although the Panel is sympathetic to the Claimants and their financial losses, the evidence presented does not warrant an award in their favor. Over a period of many years, Respondent Louis Romano engaged in criminal fraud, betraying the trust of his friends entirely outside the Seaboard offices and involving payments in cash or by checks payable to cash. While there were questions raised about the adequacy of Seaboard's supervision and compliance, the Panel finds that given the secrecy and subterfuge of Romano's

scheme and the minimal contacts of the Claimants with Seaboard, the fraud would have been difficult to discover – even for a broker/dealer with stronger compliance. Thus Claimants have not met their burden of proof.

2. Respondent Seaboard's cross-claim is denied in its entirety.
3. Any and all relief not specifically addressed herein, including punitive damages, is denied.

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	= \$ 500.00
Seaboard's Cross-Claim filing fee	= \$1,250.00
Lord Abbett's Cross-Claim filing fee	= \$1,250.00
Fidelity's Cross-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 firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Seaboard Securities, Inc. is a party.

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

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Lord Abbett Distributors, LLC is a party.

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

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, DB Alex.Brown, LLC is a party.

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

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Fidelity Distributors Corporation is a party.

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

January 9-10, 2003, adjournment by Claimants	= Waived
March 18, April 1, and April 8, 2003, adjournment by Claimants	= Waived

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:

Five (5) Pre-hearing sessions with Panel @ \$1,200.00	= \$ 6,000.00
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Pre-hearing conferences:	June 13, 2002	1 session
	September 19, 2002	1 session
	September 19, 2002	1 session
	October 22, 2003	1 session
	June 9, 2004	1 session

Ten (10) Hearing sessions @ \$1,200.00	= \$12,000.00
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Hearing Dates:	May 12, 2004	2 sessions
	May 13, 2004	2 sessions
	June 22, 2004	2 sessions
	June 23, 2004	2 sessions
	July 6, 2004	2 sessions

Total Forum Fees	= \$18,000.00
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1. The Panel has assessed \$4,500.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$13,500.00 of the forum fees against Respondent Seaboard.

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.

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|--|------------|
| 1. Claimant requested copies of hearing tapes | = \$165.00 |
| 2. Respondent Seaboard requested copies of hearing tapes | = \$165.00 |
| 3. Respondent Fidelity requested copies of hearing tapes | = \$30.00 |

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 4,500.00
<u>Administrative Costs</u>	= \$ 165.00
Total Fees	= \$ 5,165.00
<u>Less payments</u>	= \$ 1,740.00
Balance Due NASD Dispute Resolution	= \$ 3,425.00

2. Respondent Seaboard is solely liable for:

Cross-Claim Filing Fee	= \$ 1,250.00
Member Fees	= \$ 7,600.00
<u>Administrative Costs</u>	= \$ 165.00
<u>Forum Fees</u>	= \$13,500.00
Total Fees	= \$22,515.00
<u>Less payments</u>	= \$ 5,765.00
Balance Due NASD Dispute Resolution	= \$16,750.00

3. Respondent Lord Abbett is solely liable for:

Cross-Claim Filing Fee	= \$1,250.00
<u>Member Fees</u>	= \$3,100.00
Total Fees	= \$4,350.00
<u>Less payments</u>	= \$6,100.00
Refund Due Lord Abbett	= \$1,750.00

4. Respondent DB Alex Brown is solely liable for:

<u>Member Fees</u>	= \$3,100.00
Total Fees	= \$3,100.00
<u>Less payments</u>	= \$2,600.00
Balance Due NASD Dispute Resolution	= \$ 500.00

5. Respondent Fidelity is solely liable for:

Cross-Claim Filing Fee	= \$1,250.00
Member Fees	= \$3,100.00
<u>Administrative Costs</u>	= \$ 30.00
Total Fees	= \$4,380.00
<u>Less payments</u>	= \$7,500.00
Refund Due Fidelity	= \$3,120.00


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

ARBITRATION PANEL

Susan C. Lushing, Esq.	-	Public Arbitrator, Presiding Chairperson
John J. Schlager	-	Public Arbitrator
Earl S. Schwarz	-	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 in which is my award.


Susan C. Lushing, Esq.
Public Arbitrator, Presiding Chairperson

7/30/04
Signature Date

John J. Schlager
Public Arbitrator

Signature Date

Earl S. Schwarz
Non-Public Arbitrator

Signature Date

August 13, 2004
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

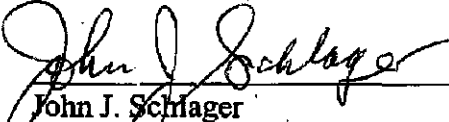
Susan C. Lushing, Esq.	-	Public Arbitrator, Presiding Chairperson
John J. Schlager	-	Public Arbitrator
Earl S. Schwarz	-	Non-Public Arbitrator

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 in which is my award.

Susan C. Lushing, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



John J. Schlager
Public Arbitrator

8-4-04

Signature Date

Earl S. Schwarz
Non-Public Arbitrator

Signature Date

August 13, 2004

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Susan C. Lushing, Esq.	-	Public Arbitrator, Presiding Chairperson
John J. Schlager	-	Public Arbitrator
Earl S. Schwarz	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

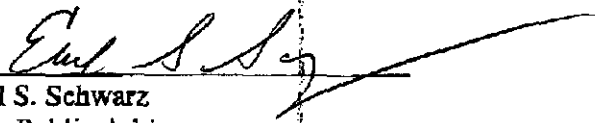
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument is which is my award.

Susan C. Lushing, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

John J. Schlager
Public Arbitrator

Signature Date



Earl S. Schwarz
Non-Public Arbitrator

8/4/04

Signature Date

August 13, 2004
Date of Service (For NASD Dispute Resolution use only)