

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Rahul Nayar and Chetan Nayar, (Claimants) vs. Montrose Capital Management, Inc., CIBC Oppenheimer & Co., Vivek Verma, and John Ferraro, (Respondents)

Case Number: 01-00291

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants, Rahul Nayar ("R. Nayar") and Chetan Nayar ("C. Nayar"), hereinafter collectively referred to as "Claimants": Leon I. Kurland, Esq., a sole practitioner, Parsippany, NJ.

Respondent, Montrose Capital Management, Inc. ("Montrose"), did not make an appearance in this matter.

Respondent, CIBC Oppenheimer & Co. ("CIBC"), did not appear at the hearing in this matter. Previously represented by: Lloyd S. Clareman, Esq., Law Offices of Lloyd S. Clareman, New York, NY and Peter M. Scott, Esq., Director, Legal Department, CIBC World Markets Corp., New York, NY, respectively.

Respondent, Vivek Verma ("Verma"), did not appear at the hearing in this matter. Previously represented by: David Crystal, II, Esq., Gilbride, Tusa, Last & Spellane LLC, New York, NY.

Respondent, John Ferraro ("Ferraro"), did not make an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: January 18, 2001.

Amended Statement of Claim filed on or about: June 25, 2002.

R. Nayar signed the Uniform Submission Agreement: January 15, 2001.

C. Nayar signed the Uniform Submission Agreement: January 15, 2001.

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

Statement of Answer and Motion to Dismiss filed by CIBC on or about: April 16, 2001.

CIBC signed the Uniform Submission Agreement: April 16, 2001.

Statement of Answer filed by Verma on or about: September 10, 2001.
Verma signed the Uniform Submission Agreement: September 12, 2001.

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

CASE SUMMARY

Claimants asserted the following causes of action: unauthorized trades; mismanagement of account; churning; breach of fiduciary obligations; common law fraud; unsuitability; and failure to supervise. Claimants' claim involved unspecified options.

RELIEF REQUESTED

Claimants requested:

- a. Actual damages in the amount of \$401,248.00, plus interest;
- b. Punitive damages in the amount of \$500,000.00;
- c. Costs of this proceeding; and
- d. Attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated December 9, 2002, Claimants advised NASD Dispute Resolution that they had entered into settlement agreements with CIBC and Verma.

On December 7, 2001, the United States District Court for the Southern District of New York entered an Order staying all matters against Montrose pursuant to the Securities Investor Protection Act ("SIPA").

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

Montrose and Ferraro did not file with NASD Dispute Resolution 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. Ferraro is solely liable for and shall pay to Claimants the sum of \$254,393.00 as compensatory damages, plus interest at the rate of 7 1/2% accruing from January 18, 2001 through December 10, 2002.
2. Ferraro is solely liable for and shall pay to Claimants the sum of \$1,200.00 as costs for expert witness fees.
3. Ferraro is solely liable for and shall pay to Claimants the sum of \$375.00, to reimburse Claimants for the filing fee previously paid to NASD Dispute Resolution.
4. Claimants' request for attorneys' fees is hereby denied.
5. All other requests for relief are hereby 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 = \$ 375.00

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, Montrose Capital Management, Inc. and CIBC Oppenheimer & Co. are parties.

Montrose Capital Management

Member surcharge = \$2,000.00

CIBC Oppenheimer & Co.

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:

Four (4) Pre-hearing sessions with Panel x \$1,200.00		= \$4,800.00
Pre-hearing conferences:		
August 28, 2001	1 session	
February 7, 2002	1 session	
June 13, 2002	1 session	
November 18, 2002	1 session	
Two (2) Hearing sessions x \$1,200.00		= \$2,400.00
Hearing Date:	December 10, 2002	2 sessions
Total Forum Fees		= \$7,200.00

1. The Panel has assessed \$4,800.00 of the forum fees jointly and severally against CIBC, Verma, and Ferraro.
2. The Panel has assessed \$2,400.00 of the forum fees jointly and severally against Verma and Ferraro.

Fee Summary

1. Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 375.00
Total Fees	= \$ 375.00
<u>Less payments</u>	= \$1,575.00
Refund Due Claimants	= \$1,200.00

As stated in the "Award" section above, Ferraro is liable and shall reimburse Claimants for the \$375.00 filing fee.

2. Montrose is solely liable for:

<u>Member Fees</u>	= \$2,000.00
Total Fees	= \$2,000.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$2,000.00

3. CIBC is solely liable for:

<u>Member Fees</u>	= \$6,100.00
<u>Total Fees</u>	= \$6,100.00
<u>Less payments</u>	= \$6,100.00
Balance Due NASD Dispute Resolution	= \$ 0.00

4. CIBC, Verma, and Ferraro are jointly and severally liable for:

<u>Forum Fees</u>	= \$4,800.00
<u>Total Fees</u>	= \$4,800.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$4,800.00

5. Verma and Ferraro are jointly and severally liable for:

<u>Forum Fees</u>	= \$2,400.00
<u>Total Fees</u>	= \$2,400.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$2,400.00

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

ARBITRATION PANEL

Catherine Tinker, Esq.	-	Public Arbitrator, Presiding Chair
Frank G. Welch, III, CPA	-	Public Arbitrator
Peter M. Pfau	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

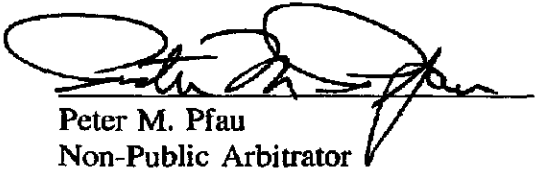
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Catherine Tinker, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Frank G. Welch, III, CPA
Public Arbitrator

Signature Date



Peter M. Pfau
Non-Public Arbitrator

Jan 6, 2003
Signature Date

January 17, 2003

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

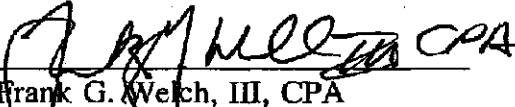
Catherine Tinker, Esq.	-	Public Arbitrator, Presiding Chair
Frank G. Welch, III, CPA	-	Public Arbitrator
Peter M. Pfau	-	Non-Public Arbitrator

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 which is my award.

Catherine Tinker, Esq.
Public Arbitrator, Presiding Chair

Signature Date


Frank G. Welch, III, CPA
Public Arbitrator

1/17/2002
Signature Date

Peter M. Pfau
Non-Public Arbitrator

Signature Date

January 17, 2003

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Catherine Tinker, Esq.	-	Public Arbitrator, Presiding Chair
Frank G. Welch, III, CPA	-	Public Arbitrator
Peter M. Pfau	-	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 which is my award.



Catherine Tinker, Esq.
Public Arbitrator, Presiding Chair

12-24-02

Signature Date

Frank G. Welch, III, CPA
Public Arbitrator

Signature Date

Peter M. Pfau
Non-Public Arbitrator

Signature Date

January 17, 2003

Date of Service (For NASD Dispute Resolution use only)