

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Bruce Andrew Merino and Marielena Merino, Claimants v. Round Hill Securities, Inc., Robert Jay Holub, Gerald Hart Burchard, Jr., Robert S. Minka, Thomas Joseph Sboto, and Bear, Stearns Securities Corp., Respondents v. Martin Greenwood, Third-Party Respondent

Case Number: 01-00414

Hearing Site: San Francisco, California

REPRESENTATION OF PARTIES

For Claimants:

Theodore A. Griffinger, Jr., Esq.
Ellen A. Cirangle, Esq.
Stein & Lubin
San Francisco, California

For Respondents Round Hill Securities, Inc.,
Robert Jay Holub, Gerald Hart Burchard, Jr.,
Robert S. Minka, and Thomas Joseph Sboto:

Thomas E. Mulvihill, Esq.
Boornazian, Jensen & Garthe
San Francisco, California

For Respondents Bear, Stearns Securities Corp.

Stephen Young, Esq.
Keesal, Young & Logan
Long Beach, California

CASE INFORMATION

Statement of Claim filed: January 24, 2001

Amended Statement of Claim filed: March 14, 2001

Claimants' Uniform Submission Agreement signed: January 23, 2001

Joint Statement of Answer to First Amended Statement of Claim filed by Respondent Respondents Round Hill Securities, Inc., Robert Jay Holub, Gerald Hart Burchard, Jr., Robert S. Minka, and Thomas Joseph Sboto: April 16, 2001

Third-Party Claim filed by Respondent Respondent Round Hill Securities, Inc.: April 16, 2001

Answer and Motion to Dismiss by Respondent Bear, Stearns Securities Corp. filed: April 9, 2001

Motion to Dismiss and Alternative Motion to Sever and Transfer Round Hill Securities, Inc.'s Third Party Claim filed by Third-Party Respondent Martin Greenwood: June 8, 2001

Respondent Round Hill Securities, Inc.'s Uniform Submission Agreement: None filed

Respondent Robert Jay Holub's Uniform Submission Agreement signed: April 4, 2001

Respondent Gerald Hart Burchard, Jr.'s Uniform Submission Agreement signed: April 4, 2001

Respondent Robert S. Minka's Uniform Submission Agreement signed: April 4, 2001

Respondent Thomas Joseph Sboto's Uniform Submission Agreement signed: April 4, 2001

Respondent Bear, Stearns Securities Corp.'s Uniform Submission Agreement signed: April 4, 2001

Third-Party Respondent Martin Greenwood's Uniform Submission Agreement: None filed

CASE SUMMARY

In their Statement of Claim, Claimants alleged against Respondents Round Hill Securities, Inc. and Bear Stearns Securities Corp., breach of contract, margin calls, negligence, failure to supervise, breach of fiduciary duty, misrepresentation/non-disclosures, unauthorized trading, churning, omission of facts, manipulations, and suitability involving unspecified securities. In their Amended Statement of Claim, Claimants added Respondents Robert Jay Holub, Gerald Hart Burchard, Jr., Robert S. Minka, and Thomas Joseph Sboto.

In their Joint Answer to the Amended Statement of Claim, Respondents Round Hill Securities, Inc., Robert Jay Holub, Gerald Hart Burchard, Jr., Robert S. Minka, and Thomas Joseph Sboto denied the allegations of wrongdoing set forth in the Claimants' Amended Statement of Claim. Respondent Round Hill Securities, Inc. also filed a Third-Party Claim against Third-Party Respondent Martin Greenwood alleging contribution, indemnification and equitable indemnity.

In its Answer and Motion to Dismiss, Respondent Bear, Stearns Securities Corp. denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

In his Motion to Dismiss and alternative Motion to Sever, Third-Party Respondent alleged the scope of the arbitration provision does not extend to third-party claims and that Third-Party Respondent Martin Greenwood is not a proper party to the Claimants' dispute with Respondents.

RELIEF REQUESTED

In their Statement of Claim and Amended Statement of Claim, Claimants requested compensatory damages in excess of \$5,000,000.00, unspecified punitive damages, interest and costs, including attorney's fees.

Respondents Round Hill Securities, Inc., Robert Jay Holub, Gerald Hart Burchard, Jr., Robert S. Minka, and Thomas Joseph Sboto requested dismissal of the Claimant's Statement of Claim in its entirety, and costs, including attorney's fees. In its Third-Party Claim, Respondent Round Hill Securities, Inc. requested indemnity.

Respondent Bear, Stearns Securities Corp. requested dismissal of the Claimant's Statement of Claim in its entirety, and costs.

Third-Party Respondent Martin Greenwood requested the NASD to decline to extend jurisdiction to arbitrate the Third-Party Claim or, alternatively, to the extent that NASD seeks to assert jurisdiction over the Third-Party Claim, sever and transfer the venue of the Third-Party Claim to Atlanta, Georgia.

OTHER ISSUES CONSIDERED AND DECIDED

On March 14, 2001, Claimants filed an Amended Statement of Claim pursuant to the NASD Code of Arbitration Procedure Rule 10328(a).

On November 30, 2001, the United States District Court of the Northern District of Georgia issued Declaratory Judgment adjudicating that the arbitration clauses in the Greenwood Customer Agreement do not apply to Respondent Round Hill's Third-Party Claim and enjoined Respondent Round Hill from further pursuing its Third-Party Claim in the Claimants' arbitration conducted before the NASD.

Respondent Round Hill Securities, Inc. did not file with the NASD Dispute Resolution a properly executed submission agreement but is required to submit to arbitration pursuant to the Code and having answered the claim, is bound by the determination of the Panel on all issues submitted.

On April 9, 2001, Respondent Bear, Stearns Securities Corp.'s moved the Panel to dismiss the Statement of Claim. On May 9, 2002, a telephonic pre-hearing conference was held, attended by the parties and the Panel. After due deliberation, the Panel denied the motion.

On December 26, 2002, Claimants dismissed with prejudice Respondents Robert Jay Holub, Gerald

Hart Burchard, Jr., Robert S. Minka, and Thomas Joseph Sboto.

The parties 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, and the Parties' request for this stipulated award, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants and Respondent Bear, Stearns Securities Corp. have entered into a confidential settlement agreement.
2. It is hereby stipulated by and between Claimants Bruce and Marielena Merino and Respondent Round Hill Securities, Inc., that a judgment be entered in favor of Claimants and against Respondent Round Hill Securities, Inc., in the amount of one million nine hundred ninety four thousand three hundred sixty two dollars (\$1,994,362.00) for all losses, expenses, damages, interest to date, costs, attorney's fees and expenses of every kind and nature whatsoever, resulting from any and all claims involving the theft, forgeries, alterations, improper transfer of funds, conversion, and the unauthorized removal of money by Lawrence Greenwood and/or any employee of Respondent Round Hill Securities, Inc., including, but not limited to, the forgery or alteration of all Negotiable Instruments, Letters of Authorization, money drafts in which the drawer has, by signature written thereon, engaged to honor as presented, non-negotiable instruments purportedly signed by the Claimants authorizing Respondent Round Hill Securities, Inc. to debit the Claimants' account in the amount of funds stated therein, receipts for withdrawal of money from the Claimants' brokerage account with Respondent Round Hill Securities, Inc., into accounts owned or controlled by Lawrence Greenwood, transferring, paying or delivering funds or money on the faith of written instructions or advices directed to Respondent Round Hill Securities, authorizing or acknowledging the transfer, payment, delivery or receipt of funds or money, which instructions purported to be signed or endorsed by the Claimants, but which instructions bear a signature which is a forgery or which was altered or used without the knowledge and consent of the Claimants.
3. Claimants and Respondent Round Hill Securities, Inc., have entered into an assignment of rights and a covenant not to execute agreement with respect to the stipulated judgment entered in favor of Claimants and against Respondent Round Hill Securities, Inc.
4. Except as noted above, the parties shall bear their respective costs, including attorney's fees.
5. All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 600.00
Respondent Round Hill Securities, Inc.'s Third-Party Claim Filing Fee	= \$ 2,500.00

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy.

The member firm Round Hill Securities, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 3,000.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$ 5,000.00</u>
Total Member Fees	= \$ 8,600.00

The member firm Bear, Stearns Securities Corp. is a party and the following fees are assessed:

Member Surcharge	= \$ 3,000.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$ 5,000.00</u>
Total Member Fees	= \$ 8,600.00

Adjournment Fees

The following adjournment fees are assessed:

October 21 through 25, 2002 adjournment requested by Respondents Round Hill Securities, Inc., Robert Jay Holub, Gerald Hart Burchard, Jr., Robert S. Minka, and Thomas Joseph Sboto	= \$ 1,200.00
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Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair or the parties and the Panel. The following fees are assessed:

Seven (7) Pre-hearing conference sessions with the Panel @ \$1,200.00/session = \$ 8,400.00

Pre-hearing conferences:	April 4, 2002	1 session
	May 9, 2002	1 session
	October 10, 2002	1 session
	October 23, 2002	1 session
	January 3, 2003	1 session
	January 6, 2003	1 session
	February 12, 2003	1 session

Twelve (12) Hearing sessions @ \$1,200.00/session = \$14,400.00

Hearings:	January 7, 2003	2 sessions
	January 8, 2003	2 sessions
	January 9, 2003	2 sessions
	February 25, 2003	2 sessions
	February 26, 2003	2 sessions
	February 27, 2003	2 sessions

Total Forum Fees = **\$22,800.00**

Pursuant to Party Stipulation, forum fees are assessed as follows:

1. The Panel assessed \$11,400.00 of the forum fees jointly and severally to Claimants.
2. The Panel assessed \$11,400.00 of the forum fees to Respondent Bear, Stearns Securities Corp.

Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$ 11,400.00
Total Fees	= \$ 12,000.00
Less payments	= \$(1,800.00)
Balance Due NASD Dispute Resolution	= \$ 10,200.00

2. Respondent Round Hill Securities, Inc. is charged with the following fees and costs:

Third-Party Claim Filing Fee	= \$ 2,500.00
Member Fees	= \$ 8,600.00
Total Fees	= \$ 11,100.00
Less payments	= \$(11,100.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent Bear, Stearns Securities Corp. is charged with the following fees and costs:

Member Fees	= \$ 8,600.00
Forum Fees	= \$ 11,400.00
Total Fees	= \$ 20,000.00
Less payments	= \$(8,600.00)
Balance Due NASD Dispute Resolution	= \$ 11,400.00

4. Respondents Round Hill Securities, Inc., Robert Jay Holub, Gerald Hart Burchard, Jr., Robert S. Minka, and Thomas Joseph Sboto are charged jointly and severally with the following fees and costs:

Adjournment Fee	= \$ 1,200.00
Less payments by Round Hill Securities, Inc.	= \$(1,200.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

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

Parties' Signatures



Ellen A. Cirangle, Esq.
for Claimants Bruce and Marielena Merino

5-15-03

Signature Date

Thomas E. Mulvihill, Esq.
for Respondents Round Hill Securities, Inc.

Signature Date

Parties' Signatures

Ellen A. Cirangle, Esq.
for Claimants Bruce and Marielena Merino

Signature Date



Thomas E. Mulvihill, Esq.
for Respondents Round Hill Securities, Inc.

8/28/03
Signature Date


ARBITRATION PANEL

Mark R. Palmer
Mac T. Finley
Benisa J. Berry

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-
-

Non-Public Arbitrator, Presiding Chair
Public Arbitrator
Public Arbitrator

Concurring Arbitrators' Signatures



Mark R. Palmer
Chair, Non-Public Arbitrator

11-18-03
Signature Date

Mac T. Finley
Public Arbitrator

Signature Date

Benisa J. Berry
Public Arbitrator

Signature Date

11/13/04
Date of Service

ARBITRATION PANEL

Mark R. Palmer
Mac T. Finley
Benisa J. Berry

-
-
-

Non-Public Arbitrator, Presiding Chair
Public Arbitrator
Public Arbitrator

Concurring Arbitrators' Signatures

Mark R. Palmer
Chair, Non-Public Arbitrator

Signature Date

Mac T. Finley

Mac T. Finley
Public Arbitrator

12-01-03

Signature Date

Benisa J. Berry
Public Arbitrator

Signature Date

1/13/04

Date of Service

ARBITRATION PANEL

Mark R. Palmer	-	Non-Public Arbitrator, Presiding Chair
Mac T. Finley	-	Public Arbitrator
Benisa J. Berry	-	Public Arbitrator

Concurring Arbitrators' Signatures

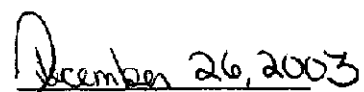
Mark R. Palmer
Chair, Non-Public Arbitrator

Signature Date

Mac T. Finley
Public Arbitrator

Signature Date


Benisa J. Berry
Public Arbitrator


Signature Date

1/13/03
Date of Service