

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Christoph Gruhn, (Claimant) vs. E*Trade Securities, Inc., (Respondent)

Case Number: 01-00492

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, Christoph Gruhn, hereinafter referred to as "Claimant": Ralph M. Stone, Esq., Shalov Stone & Bonner, New York, NY.

Respondent, E*Trade Securities, Inc., hereinafter referred to as "Respondent": Jojiro Takano, Esq., Steefel, Levitt & Weiss, San Francisco, CA.

CASE INFORMATION

Statement of Claim filed on or about: January 26, 2001.

Claimant signed the Uniform Submission Agreement: January 14, 2001.

Statement of Answer filed by Respondent on or about: April 18, 2001.

Respondent signed the Uniform Submission Agreement: March 7, 2001.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract; conversion; accounting; illegal free-riding; false pretenses/fraud; and negligent misrepresentation. Claimant's claim involved the stock and options of Technology Solutions Co., and the stock of eLoyalty Corp.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses: the Statement of Claim does not state facts sufficient to constitute any claim for relief against Respondent; Claimant's claims are barred, in whole or in part, by the doctrines of unclean hands, laches, waiver, ratification, and estoppel; any damages suffered by Claimant were caused by Claimant's own negligence, breach of contract, intentional misconduct, or other fault, or by the carelessness, negligence, and other fault of third parties not affiliated with Respondent; any damages suffered by Claimant resulted from his own actions and the act of others, for which Respondent is not responsible; Claimant's damages claim violates public policy, and is wholly conjectural and speculative; Claimant failed to take reasonable efforts to mitigate his alleged damages; and there is no basis for Claimant's purported punitive damages claim.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$2,838,753.00, plus punitive damages in the amount of \$2,838,753.00.

Respondent requested:

1. That Claimant take nothing, and that his Statement of Claim be dismissed in its entirety;
2. That Respondent be awarded its costs of this proceeding, including all forum fees; and
3. Such other and further relief as the Panel may deem appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearings in this matter, Respondent made a motion to dismiss when Claimant rested his case. The Panel denied said motion.

During the hearings in this matter, Claimant made a motion for attorneys' fees. The Panel denied said motion.

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. Respondent be and hereby is liable for and shall pay to Claimant the sum of \$191,000.00 as compensatory damages, plus interest at the rate of 9% per annum beginning to accrue 30 days after the date of this Award until date of payment.
2. Claimant's request for punitive damages is hereby denied.
3. Respondent be and hereby is liable for and shall pay to Claimant the sum of \$600.00, to reimburse Claimant for the filing fee previously paid to NASD Dispute Resolution, Inc.
4. 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 = \$ 600.00

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, E*Trade Securities, Inc. is a party.

Member surcharge = \$3,000.00

Pre-hearing process fee = \$ 600.00

Hearing process fee = \$5,000.00

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:

Three (3) Pre-hearing sessions with a single arbitrator x \$450.00 = \$1,350.00

Pre-hearing conferences:	December 3, 2001	1 session
	December 11, 2001	1 session
	December 19, 2001	1 session

One (1) Pre-hearing session with Panel x \$1,200.00 = \$1,200.00

Pre-hearing conference:	August 6, 2001	1 session
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Six (6) Hearing sessions x \$1,200.00 = \$7,200.00

Hearing Dates:	February 12, 2002	2 sessions
	February 13, 2002	2 sessions
	February 14, 2002	2 sessions

Total Forum Fees = \$9,750.00

The Panel has assessed all of the forum fees against Respondent.

Fee Summary

1. Claimant be and hereby is solely liable for:

<u>Initial Filing Fee</u>	= \$ 600.00
<u>Total Fees</u>	= \$ 600.00
<u>Less payments</u>	= \$ 1,800.00
<u>Refund Due Claimant</u>	= \$ 1,200.00

As stated in the "Award" section above, Respondent is liable and shall reimburse Claimant for the \$600.00 filing fee.

2. Respondent be and hereby is solely liable for:

<u>Member Fees</u>	= \$ 8,600.00
<u>Forum Fees</u>	= \$ 9,750.00
<u>Total Fees</u>	= \$18,350.00
<u>Less payments</u>	= \$ 5,600.00
<u>Balance Due NASD Dispute Resolution, Inc.</u>	= \$12,750.00

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

ARBITRATION PANEL

David N. Brainin, Esq.	-	Public Arbitrator, Presiding Chair
Leah G. Rabinowitz	-	Public Arbitrator
David Crystal, II	-	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.



David N. Brainin, Esq.
Public Arbitrator, Presiding Chair

3/06/02
Signature Date

Leah G. Rabinowitz
Public Arbitrator

Signature Date

David Crystal, II
Industry Arbitrator

Signature Date

March 8, 2002
Date of Service (For NASD office use only)

ARBITRATION PANEL

David N. Brainin, Esq.
Leah G. Rabinowitz
David Crystal, II


Public Arbitrator, Presiding Chair
Public Arbitrator
Industry Arbitrator

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David N. Brainin, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Leah G. Rabinowitz
Public Arbitrator



Signature Date

David Crystal, II
Industry Arbitrator

Signature Date

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David N. Brainin, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Leah G. Rabinowitz
Public Arbitrator

Signature Date



David Crystal, II
Industry Arbitrator

3/6/2002

Signature Date

March 8, 2002
Date of Service (For NASD office use only)