

ORIGINAL

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Melanie Gartenbaum, Claimant v. Scottrade, Inc. and Peter James Horsfield, Respondents

Scottrade, Inc., Counterclaimant v. Melanie Gartenbaum, Claimant/Counter Respondent

Case Number: 01-01131

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimant/Counter Respondent, Melanie Gartenbaum :

Jeff Dennis Ferentz, Esq.
Greenbaum & Ferentz, LLP
Newport Beach, California

For Respondents Scottrade, Inc. and Peter James Horsfield
and Counterclaimant Scottrade, Inc. :

Sherri C. Strand, Esq.
Thompson Coburn LLP
St. Louis, Missouri

Andrew M. White, Esq.
White, O'Connor, Curry,
Gatti & Avanzado
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: February 28, 2001

Claimant's Uniform Submission Agreement signed: February 17, 2001

Joint Statement of Answer filed by Respondents: July 5, 2001

Respondent Scottrade, Inc.'s Uniform Submission Agreement signed: April 4, 2201

Respondent Peter James Horsfield's Uniform Submission Agreement signed: May 3, 2201

Counterclaim filed by Respondent Scottrade, Inc.: July 5, 2001

Answer to counterclaim filed: None filed.

CASE SUMMARY

Claimant alleged unsuitability, negligence, breach of fiduciary duty, breach of contract, misrepresentation, omission, failure to execute, failure to supervise, and violation of NASD, state and federal rules and regulations involving the purchase of Tower Semiconductor Ltd. stock.

Respondents denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim. Respondent Scottrade, Inc. filed a counterclaim alleging breach of contract and account stated.

RELIEF REQUESTED

Claimant requested \$124,750.00 in compensatory damages, pre-judgment interest, post-judgment interest, punitive damages and costs, including attorney's fees.

Respondents' joint answer requested dismissal of the Claimant's Statement of Claim in its entirety, costs and attorney's fees.

Counterclaimant Scottrade, Inc. requested \$97,000.00 in compensatory damages, interest in the amount of 10% per annum and costs, including attorney's fees.

OTHER ISSUES CONSIDERED AND DECIDED

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, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimant's claims are denied in their entirety.
- 2) Claimant is liable to and shall pay Counterclaimant Scottrade, Inc. \$96,172.00 in compensatory damages.
- 3) Claimant is liable to and shall pay Counterclaimant Scottrade, Inc. \$8,014.00 in pre-judgment interest.
- 4) Claimant is liable to and shall pay Counterclaimant Scottrade, Inc. interest on \$96,172.00 at the rate of 10% per annum from the date of the Award until paid.

- 5) Claimant is liable to and shall reimburse Counterclaimant Scottrade, Inc. \$1,010.00 in arbitration costs and \$25,321.00 in attorney's fees pursuant to the terms of the brokerage account agreement.
- 6) All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 300.00
Respondent Scottrade, Inc.'s Counterclaim filing fee	= \$ 1,000.00

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. Accordingly, the member firm Scottrade, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 600.00
Hearing Process Fee	= \$ 2,500.00
Total Member Fees	= \$ 4,600.00

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 Panel. The following fees are assessed:

(1) Pre-hearing conference session with a single arbitrator @ \$450/session	= \$ 450.00
Pre-hearing conference: December 18, 2001	1 session
(2) Pre-hearing conference sessions with the Panel @ \$1,125/session	= \$ 2,250.00
Pre-hearing conferences: August 14, 2001	1 session
September 25, 2001	1 session
(5) Hearing sessions @ \$1,125/session	= \$ 5,625.00
Hearings: January 8, 2002	1 sessions
January 9, 2002	2 sessions
January 10, 2002	2 sessions
Total Forum Fees	= \$ 8,325.00

1. The Panel assessed \$7,537.50 of the forum fees to Claimant.
2. The Panel assessed \$787.50 of the forum fees jointly and severally to Respondents.

Administrative Costs

Administrative costs are expenses incurred because a party requested additional services beyond the normal administrative services. These additional services include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, security, and sundry other requests.

Scottrade, Inc. requested 20 photocopies @ \$0.50: = \$ 10.00

Fee Summary

1. Claimant Melanie Gartenbaum is charged with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 7,537.50
Total Fees	= \$ 7,837.50
Less payments	= \$(1,425.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 6,412.50

2. Respondent Scottrade, Inc. is charged with the following fees and costs:

Counterclaim Filing Fee	= \$ 1,000.00
Member Fees	= \$ 4,600.00
Administrative Costs	= \$ 10.00
Total Fees	= \$ 5,610.00
Less payments	= \$(5,610.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ (00.00)

3. Respondents Scottrade, Inc. and Peter James Horsefield are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 787.50
Less payment by Scottrade, Inc.	= \$ (740.00)
Balance due NASD Dispute Resolution, Inc.	= \$ 47.50

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

ARBITRATION PANEL

<i>R. Carlton Seaver, Esq.</i>	-	<i>Public, Presiding Chair</i>
<i>Frederick N. Bailard, Esq.</i>	-	<i>Public Arbitrator</i>
<i>David Charles Kauffman</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

R. Carlton Seaver, Esq.
Chair, Public Arbitrator

Signature Date

Frederick N. Bailard, Esq.
Public Arbitrator

Signature Date

David Charles Kauffman
Non-Public Arbitrator

Signature Date

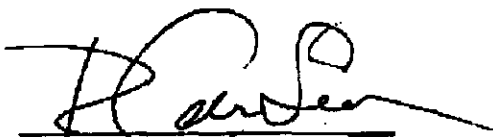
2-26-02
Date of Service

NASD Dispute Resolution, Inc.
Arbitration No. 01-01131
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ARBITRATION PANEL

<i>R. Carlton Seaver, Esq.</i>	-	<i>Public, Presiding Chair</i>
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<i>David Charles Kauffman</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures



R. Carlton Seaver, Esq.
Chair, Public Arbitrator

FEBRUARY 25, 2002
Signature Date

Frederick N. Ballard, Esq.
Public Arbitrator

Signature Date

David Charles Kauffman
Non-Public Arbitrator

Signature Date

2-26-02
Date of Service

NASD Dispute Resolution, Inc.
Arbitration No. 01-01131
Award Page 3 of 5

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Concurring Arbitrators' Signatures

R. Carlton Seaver, Esq.
Chair, Public Arbitrator

Signature Date

FW Bailard
Frederick N. Bailard, Esq.
Public Arbitrator

2/25/2002
Signature Date

David Charles Kauffman
Non-Public Arbitrator

Signature Date

2-26-02
Date of Service

NASD Dispute Resolution, Inc.
Arbitration No. 01-01131
Award Page 3 of 5

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Chair, Public Arbitrator

Signature Date

Frederick N. Bailard, Esq.
Public Arbitrator

Signature Date

David Charles Kauffman
Non-Public Arbitrator

2/26/02

Signature Date

2-26-02

Date of Service