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AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Charles P. Brink

and

01-01355
Minneapolis, Minnesota

Name of Respondent

Charles Schwab & Company, Inc.

REPRESENTATION OF PARTIES

Charles P. Brink ("**Claimant**") was represented by Mark J. Briol, Esq. and Amy J. Ihlan, Esq., Briol & Associates, Minneapolis, Minnesota.

Charles Schwab & Company, Inc. ("**Respondent**") was represented by Sean Meehan, Esq., Charles Schwab & Company, Inc., San Francisco, California.

CASE INFORMATION

The Statement of Claim was filed on or about March 19, 2001. Submission Agreement of Claimant Charles P. Brink was signed on March 13, 2001.

Statement of Answer was filed by Respondent Charles Schwab & Company, Inc. on or about May 17, 2001. Submission Agreement of Respondent Charles Schwab & Company, Inc. was signed on April 13, 2001 by Sean Meehan.

CASE SUMMARY

Claimant alleged that Respondent wrongfully liquidated 4,000 shares of Aeroflex in November 1999, thwarting his investment strategy and destroying his long term capital gains position.

Respondent denied the allegations set forth in the Statement of Claim. Respondents specifically stated:

Mr. Brink alleges in his 32-page Statement of claim that on October 29, 1999, Schwab violated numerous federal, state and local laws, in addition to NASD and SEC regulations, by selling 4,000 shares of AeroFlex, Inc. (ARX) from Claimant's under-margined account. In addition, Mr. Brink implies that by selling the 4,000 ARX shares on October 29 to restore

margin equity to the account, Schwab violated oral promises made by a Schwab representative not to take such action.

Mr. Brink is wrong, on all counts. Brokerage firms have a well-recognized contractual and legal right to sell positions from margin accounts, with or without notice to an accountholder, in order to maintain appropriate equity levels within those accounts. Due to a decline in the price of ARX on October 29, 1999, the equity level in Mr. Brink's margin account fell to 4%, well below the minimum requirements set by the New York Stock Exchange (NYSE), and even further below Schwab's own more stringent maintenance requirements. While Schwab had the right to sell Mr. Brink's ARX shares from his margin account at any time, and for any reason, Schwab provided claimant with timely written and verbal notice of the undermargined status of his account. In response to the email and verbal notification Mr. Brink received, the claimant promised Schwab that he would deposit no less than \$10,800.00 at his local branch on October 28, 1999. Mr. Brink, however, failed to deposit funds, until five days later.

RELIEF REQUESTED

Claimant requested that the arbitration panel issue an award in his favor and against Respondents jointly and severally, as follows:

- For rescission of the wrongful sale of his shares in Aeroflex, Inc. from his brokerage account, and the restoration of 10,000 shares of Aeroflex stock to his Schwab brokerage account;
- For compensatory damages for Mr. Brink's tax and investment losses and other economic losses, sufficient to restore him to the financial, tax and investment position he would have been in but for Schwab's erroneous liquidation of his shares in Aeroflex, Inc., plus pre-award interest under a properly managed account theory, the exact amount to be determined at trial;
- For an award of claimant's reasonable attorneys' fees incurred in bringing this claim, under Minnesota Securities law, Minn Stat. §80A.23;
- For a further award, in an amount to be determined at trial, under the general punitive damage statute, Minn. Stat. §549.20;
- For a further award of all of claimants' costs, disbursements and expenses incurred in pursuing this arbitration;
- For such other and further relief as the arbitrators shall deem just and equitable.

Respondent requested that the claims asserted in this matter be denied in their entirety.

OTHER ISSUES CONSIDERED & DECIDED

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. In either case, the parties have agreed to receive

conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution, Inc. (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Charles Schwab & Company, Inc. shall be and hereby is liable for and shall pay to Claimant Charles P. Brink the sum of \$100,000.00 (**One Hundred Thousand Dollars**) as compensatory damages.
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

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 = \$250.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is Charles Schwab & Company, Inc.

Member surcharge = \$1,200.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$2,000.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,000.00	= \$1,000.00
Pre-hearing conference(s): August 6, 2001 1 session	
Two (2) Hearing sessions x \$1,000.00	= \$2,000.00
Hearing Date: November 27, 2001 2 sessions	
Total Forum Fees	= \$3,000.00

The Arbitration Panel has assessed \$1,500.00 of the forum fees to Charles P. Brink.

The Arbitration Panel has assessed \$1,500.00 of the forum fees to Charles Schwab & Company, Inc.

Fee Summary

Claimant, Charles P. Brink, shall be and hereby is liable for:

Initial Filing Fee	= \$ 250.00
<u>Forum Fees</u>	= <u>\$1,500.00</u>
Total Fees	= \$1,750.00
<u>Less payments</u>	= <u>\$1,250.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 500.00

Respondent, Charles Schwab & Company, Inc., shall be and hereby is liable for:

Member Fees	= \$3,800.00
<u>Forum Fees</u>	= <u>\$1,500.00</u>
Total Fees	= \$5,300.00
<u>Less payments</u>	= <u>\$4,400.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 900.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Jay C. Fogelberg - Public Arbitrator, Presiding Chair
Sandra L. Shearer - Public Arbitrator
Jane L. Seale - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Jay C. Fogelberg
Jay C. Fogelberg
Public Arbitrator, Presiding Chair

December 15, 2001
Signature Date

/s/ Sandra L. Shearer
Sandra L. Shearer
Public Arbitrator

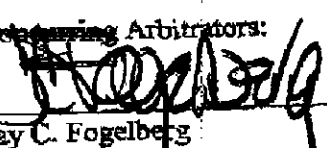
December 14, 2001
Signature Date

/s/ Jane L. Seale
Jane L. Seale
Non-Public Arbitrator

December 13, 2001
Signature Date

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Arbitration No. 01-01355
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Continuing Arbitrators:


Jay C. Fogelberg
Public Arbitrator, Presiding Chair

Sandra L. Shearer
Public Arbitrator

Jane L. Scale
Non-Public Arbitrator

12/15/01
Signature Date

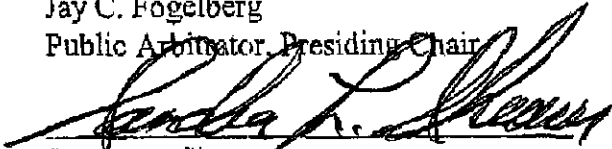
Signature Date

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Award Page 5 of 5

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Jay C. Fogelberg
Public Arbitrator, Presiding Chair


Sandra L. Shearer
Public Arbitrator

Signature Date

12/14/01
Signature Date

Jane L. Seale
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 01-01355
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Concurring Arbitrators:

Jay C. Fogelberg
Public Arbitrator, Presiding Chair

Signature Date

Sandra L. Shearer
Public Arbitrator

Signature Date

Jane L. Seale
Non-Public Arbitrator

12-13-2001
Signature Date