

**Stipulated Award**  
**NASD Dispute Resolution, Inc.**

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In the Matter of the Arbitration Between:

Ryan Beck & Co., LLC, (Claimant) vs. Legg Mason Wood Walker, Inc., Dennis A. Reynolds,  
and Michelle A. Brolin, (Respondents)

Case Number: 01-01459

Hearing Site: New York, NY

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**REPRESENTATION OF PARTIES**

Claimant, Ryan Beck & Co., LLC, ("Ryan Beck") hereinafter referred to as "Claimant":  
Sheldon M. Finkelstein, Esq., Podvey, Sachs, Meaneor, Cantenacci, Newark, NJ.

Respondents, Legg Mason Wood Walker, Inc. ("Legg Mason"), Dennis A. Reynolds  
("Reynolds"), and Michelle A. Brolin ("Brolin"), hereinafter collectively referred to as  
"Respondents": David W. Erb, Esq., Saul Ewing LLP, Baltimore, MD.

**CASE INFORMATION**

Statement of Claim filed on or about: March 23, 2001

Claimant signed the Uniform Submission Agreement: March 23, 2001

Statement of Answer filed by Respondents on or about: March 26, 2001

Respondent Legg Mason did not submit the Uniform Submission Agreement.

Respondent Reynolds did not submit the Uniform Submission Agreement.

Respondent Brolin did not submit the Uniform Submission Agreement.

**CASE SUMMARY**

Claimant has asserted the following causes of action: breach of employment contract; breach  
of confidentiality provisions; and breach of fiduciary duty in connection with Respondents'  
departure from Ryan Beck.

Unless specifically admitted in its Answer, Respondents denied the allegations made in the  
Statement of Claim and asserted the following defenses: failure to state a claim upon which  
relief can be granted; failure to satisfy the standard for injunctive relief; Claimant's claims  
are barred by the doctrine of unclean hands; and New Jersey contract law permits the  
brokers' solicitation of their own clients.

**RELIEF REQUESTED**

Claimant requested: Respondents should be prohibited from soliciting any Ryan Beck  
customers not previously serviced by them for a thirty-six month period; Respondents  
Reynolds and Brolin should be barred from soliciting any customer while employed by Ryan

Beck for sixty days; Respondents will not solicit any Ryan Beck employee to leave the employ of Ryan Beck for a thirty-six month period; Reynolds and Brolin will be ordered to abide by Ryan Beck's policies with respect to nondisclosure of confidential and proprietary information and take such steps as may be determined by the arbitrators to correct or alleviate prior violations by Respondents of same; Respondents immediately return to Ryan Beck all original documents and all copies of documents taken by individual Respondents from Ryan Beck; compensatory damages of an amount not less than \$900,000.00; repayment of monies lent to Respondents by Ryan Beck; reasonable attorneys' fees, costs, expert fees, filing fees, and such other and further relief as the Panel deem just and appropriate.

Respondents requested the denial of Claimant's request for injunctive relief.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Respondents Legg Mason, Reynolds and Brolin did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but are required to submit to arbitration pursuant to the Code and, having answered the claim, are bound by the determination of the Panel on all issues submitted.

Prior to the conclusion of the hearing, the parties submitted a proposed Stipulated Award attached hereto as Exhibit "A" for the panel's consideration.

The parties have agreed that the Stipulated Award in this matter may be executed in counterpart copies.

### **AWARD**

On June 14, 2001, the parties entered an agreement to present to the panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for entry of an award, the written stipulation thereto, the panel hereby grants the motion and enters this award granting the following relief:

1. The settlement is to proceed under the terms stated in the parties' Stipulated agreement Award attached as Exhibit "A".
2. The Panel recommends the expungement from Respondent Dennis A. Reynold's Form U-5 the explanation provided by Ryan Beck which states "Litigation initiated by Ryan Beck & Co. on breach of employment agreement, breach of fiduciary duty and confidentiality" such that Reynold's termination shall be reported as "voluntary termination" without explanation, with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Respondent Reynolds must obtain confirmation from a court of competent jurisdiction before the Central Registration depository will execute the expungement directive.

3. The Panel recommends the expungement from Respondent Michelle A. Brolin's Form U-5 the explanation provided by Ryan Beck which states "Litigation initiated by Ryan Beck & Co. on breach of fiduciary duty and confidentiality" such that Brolin's termination shall be reported as "voluntary termination" without explanation, with the understanding that pursuant to NASD Notice Members 99-09 and 99-54, Respondent Brolin must obtain confirmation from a court of competent jurisdiction before the Central Registration Depository will execute the expungement directive.

4. All forum fees and hearing session fees are to be split equally between Ryan Beck & Co., LLC and Legg Mason.

5. All other relief requests 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	= \$ 1,250.00
Injunctive filing fee	= \$ 2,500.00

#### **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 persons at the time of the events giving rise to the dispute. In this matter, both parties to the dispute are member firms. The member surcharges are as follows:

<u>Ryan Beck &amp; Co., LLC</u>	
Member surcharge	= \$ 2,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 3,500.00

<u>Legg Mason Walker Wood</u>	
Member surcharge	= \$ 2,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 3,500.00

#### **Adjournment Fees**

Adjournments requested during these proceedings:

Respondents, April 26, 27, 2001	= \$ 1,200.00
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Claimant and Respondents, June 6, 2001

= \$ 1,000.00

**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:

Four (4) Pre-hearing sessions with a single arbitrator x \$ 450.00 = \$ 1,800.00

Pre-hearing conferences:	March 28, 2001	1 session
	May 23, 2001	1 session
	May 25, 2001	1 session
	June 6, 2001	1 session

Two (2) Pre-hearing session with Panel x \$ 1,200.00 = \$ 2,400.00

Pre-hearing conference:	April 26, 2001	1 session
	June 8, 2001	1 session

Total Forum Fees = \$ 4,200.00

In accordance with the parties' Stipulated Award,

1. Claimant Ryan Beck is assessed \$2,100.00 of the forum fees.
2. Respondent Legg Mason is assessed \$2,100.00 of the forum fees.

**Fee Summary**

1. Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 1,250.00
Injunctive Filing Fee	= \$ 2,500.00
Member Fees	= \$ 6,100.00
Adjournment Fee	= \$ 500.00
Forum Fees	= \$ 2,100.00
Total Fees	= \$12,450.00
Less payments	= \$11,050.00
Balance Due NASD Dispute Resolution	= \$ 1,400.00

2. Respondent Legg Mason be and hereby is solely liable for:

Member Fees	= \$ 6,100.00
Forum Fees	= \$ 2,100.00
Total Fees	= \$ 8,200.00
Less payments	= \$ 7,300.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 900.00

3. Respondents Legg Mason, Reynolds and Brolin be and hereby are jointly and severally liable for:

<u>Adjournment Costs</u>	= \$1,700.00
Total Fees	= \$1,700.00
<u>Less Payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$1,700.00


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

**ARBITRATION PANEL**

Robert S. German, Esq.	-	Industry Arbitrator, Presiding Chair
Daniel Brescher, Esq.	-	Public Arbitrator
Kenneth B. Cutler, Esq.	-	Public Arbitrator

**Concurring Arbitrators' Signature(s)**

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.

  
\_\_\_\_\_  
Robert S. German, Esq.  
Industry Arbitrator, Presiding Chair

7/30/01  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Daniel Brescher, Esq.  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Kenneth B. Cutler, Esq.  
Public Arbitrator

\_\_\_\_\_  
Signature Date

August 17, 2001  
\_\_\_\_\_  
Date of Service (For NASD office use only)

**ARBITRATION PANEL**

Robert S. Getman, Esq.	-	Industry Arbitrator, Presiding Chair
Daniel Brecher, Esq.	-	Public Arbitrator
Kenneth B. Cutler, Esq.	-	Public Arbitrator

**Concurring Arbitrators' Signature(s)**

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Robert S. Getman, Esq.  
Industry Arbitrator, Presiding Chair



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Daniel Brecher, Esq.  
Public Arbitrator

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Robert S. Getman, Esq.  
Industry Arbitrator, Presiding Chair

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Signature Date


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Daniel Brescher, Esq.  
Public Arbitrator

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Signature Date

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NASD DISPUTE RESOLUTION, INC.

In the Matter of an Arbitration Between

RYAN BECK & CO., LLC

Claimant

v.

LEGG MASON WOOD WALKER,  
INCORPORATED,

DENNIS A. REYNOLDS,

and

MICHELLE A. BROLIN

Respondents

NASD-DR No. 01-01459

\* \* \* \* \*

**STIPULATED AWARD**

Claimant, Ryan Beck & Co., LLC, ("Ryan Beck"), and Respondents, Legg Mason Wood Walker, Incorporated, Dennis A. Reynolds and Michelle A. Brolin, having reached a settlement of the above-captioned matter and having informed the Panel that a settlement has been reached, the parties hereby stipulate and agree and the Panel hereby enters a final award as follows:

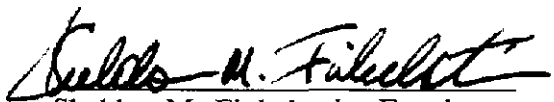
1. Settlement is to proceed under the terms stated in the parties' confidential settlement agreement;
2. The CRD is hereby directed to expunge from the form U-5 of Dennis A. Reynolds the explanation provided by Ryan Beck for Mr. Reynolds' voluntary termination,

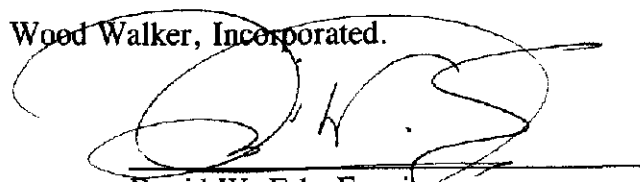
which explanation states: "Litigation initiated by Ryan Beck & Co. on breach of employment agreement, breach of fiduciary duty and confidentiality," such that Mr. Reynold's termination shall be reported as "voluntary" without explanation;

3. The CRD is hereby directed to expunge from the form U-5 of Michelle A. Brolin the explanation provided by Ryan Beck for Ms. Brolin's voluntary termination, which explanation states: "Litigation initiated by Ryan Beck & Co on breach of fiduciary duty and confidentiality," such that Ms. Brolin's termination shall be reported as "voluntary" without explanation;

4. All claims not addressed herein are hereby denied; and

5. All forum fees and hearing session fees are to be split equally between Ryan Beck & Co., LLC and Legg Mason Wood Walker, Incorporated.

  
Sheldon M. Finkelstein, Esquire  
Podvey, Sachs, Meanor, Catenacci  
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One Riverfront Plaza  
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Attorneys for Ryan Beck & Co., LLC

  
David W. Erb, Esquire  
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100 South Charles Street  
Baltimore, Maryland 21201  
Attorneys for Legg Mason Wood Walker,  
Incorporated, Dennis A. Reynolds and  
Michelle A. Brolin

**ARBITRATORS:**

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Robert S. Getman, Chairman

\_\_\_\_\_  
Daniel Brescher

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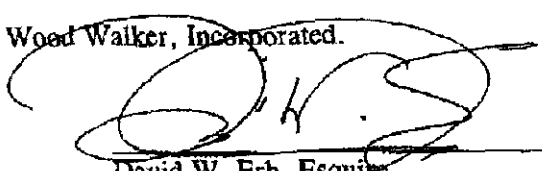
3. The CRD is hereby directed to expunge from the form U-5 of Michelle A. Brolin the explanation provided by Ryan Beck for Ms. Brolin's voluntary termination, which explanation states: "Litigation initiated by Ryan Beck & Co on breach of fiduciary duty and confidentiality," such that Ms. Brolin's termination shall be reported as "voluntary" without explanation;

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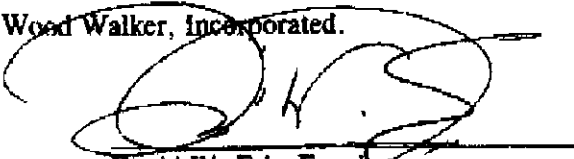
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3. The CRD is hereby directed to expunge from the form U-5 of Michelle A. Brolin the explanation provided by Ryan Beck for Ms. Brolin's voluntary termination, which explanation states: "Litigation initiated by Ryan Beck & Co on breach of fiduciary duty and confidentiality," such that Ms. Brolin's termination shall be reported as "voluntary" without explanation;

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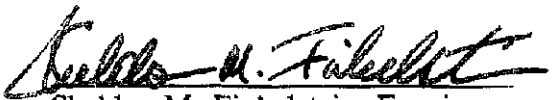
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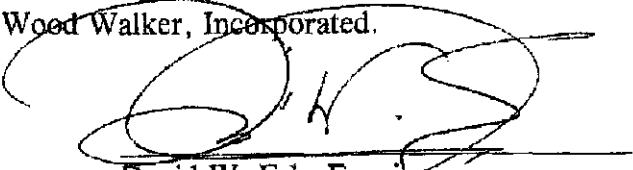
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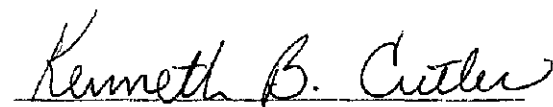
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