

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Estate of Dorothy V. Trueheart
Linda J. Steiner
Robert Herrick

Case No. 01-01649

Name of Respondents

Ferris, Baker Watts, Inc.
Gilbert F. Hartman, Jr.

Hearing Site: Baltimore, Maryland

REPRESENTATION OF PARTIES

Claimants, Estate of Dorothy V. Trueheart ("Trueheart"), Linda J. Steiner ("Steiner") and Robert Herrick ("Herrick"), hereinafter collectively referred to as "Claimants": Thomas C. Costello, Esq., West & Moore, LLC, Baltimore, MD.

Respondents, Ferris, Baker Watts, Inc. ("FBW") and Gilbert F. Hartman, Jr. ("Hartman"), hereinafter collectively referred to as "Respondents": Dana M.S. Wilson, Esq., Ferris, Baker Watts, Inc., Baltimore, MD.

CASE INFORMATION

Statement of Claim filed on: April 2, 2001

Claimant Steiner signed the Uniform Submission Agreement as an individual and as representative of the Estate of Dorothy V. Trueheart: January 29, 2001

Claimant Herrick signed the Uniform Submission Agreement: January 31, 2001

Statement of Answer filed by Respondents on: August 2, 2001

A representative of Respondent FBW signed the Uniform Submission Agreement: June 25, 2001

Respondent Hartman did not submit a Uniform Submission Agreement

CASE SUMMARY

Claimants asserted the following causes of action: actual fraud; constructive fraud; breach of fiduciary duty; churning; breach of contract; negligence; negligent supervision;

violation of the Maryland Securities Act. The causes of action relate to various securities purchased and sold in the IRA account and individual account of Dorothy V. Truehart.

Unless specifically admitted in its Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: the facts are not as set forth in the Statement of Claim; Respondent Hartman did not misrepresent the risks of investment and Claimant Truehart knowingly undertook risks attendant with investments; Respondent Hartman acted in accordance with Claimant Truehart's investment objectives; the handling of accounts was in accordance with the applicable regulatory requirements and brokerage industry standards and guidelines; Respondent FBW is not directly or vicariously liable because it exercised that degree of oversight and supervision required by law and pertinent securities industry regulations and standards; Maryland Securities Act is inapplicable; Claimants fail to state a claim under Maryland Securities Act because they have failed to identify with particularity the trades they allege were unauthorized or unsuitable, or which represented "churning"; Claimants fail to state a claim to punitive damages under applicable law; Claimants fail to state a claim to "prejudgment interest" under applicable law; Claimants fail to state a claim to attorney's fees; Claimants' claims based on alleged negligence are barred by their contributory negligence as co-owners of the joint tenancy account; Claimants did not suffer the damages they claim and are not entitled to the damages they seek; Claimants ratified all trades and transactions in the accounts; and, Claimants' claims are barred, in whole or in part, by the applicable statutes of limitation.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	-	\$ 250,000
Punitive Damages		\$ 200,000
Interest		unspecified amount
Attorneys' Fees		unspecified amount
Other Costs		unspecified amount

Respondents requested dismissal of the Statement of Claim, and award of fees and expenses.

OTHER ISSUES CONSIDERED AND DECIDED

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

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. That Respondents FBW and Hartman are jointly and severally liable to and shall pay to Claimants the sum of \$62,000 in compensatory damages. Interest on this awarded amount shall begin to accrue thirty (30) days after service of this Award and shall cease to accrue upon payment in full of the awarded amount. Interest shall be calculated at the rate of ten percent (10%) on a simple basis;
2. That Claimants' claim for punitive damages is denied in its entirety;
3. That the parties shall bear their respective costs, except as to Fees specifically addressed below; and
4. That any and all claims not specifically addressed herein are denied in their entirety.

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	-	= \$ 300
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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 a party.

Member surcharge	= \$ 1,500
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$ 2,500

Forum Fees and Assessments

The Panel has the authority to assess 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 \$1,125	= \$1,125
Pre-hearing conference: December 3, 2001	1 session

Seven (7) Hearing sessions x \$1,125		= \$7,875
Hearing Dates:	March 4, 2002	1 session
	March 5, 2002	2 sessions
	March 7, 2002	2 sessions
	March 8, 2002	2 sessions

Total Forum Fees	= \$9,000
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The Panel has assessed \$3,000 of the forum fees jointly and severally to Claimants.
The Panel has assessed \$3,000 of the forum fees to Respondent FBW.
The Panel has assessed \$3,000 of the forum fees to Respondent Hartman.

Fee Summary

Claimants are jointly and severally assessed the following fees:

Initial Filing Fee	= \$ 300
Forum Fees	= \$ 3,000

Total Fees	= \$ 3,300
Less payments	= \$ 1,425

Balance Due NASD Dispute Resolution, Inc.	= \$ 1,875
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Respondent FBW is assessed the following fees:

Member Fees	= \$ 4,600
Forum Fees	= \$ 3,000

Total Fees	= \$ 7,600
Less payments	= \$ 4,600

Balance Due NASD Dispute Resolution, Inc.	= \$ 3,000
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Respondent Hartman is assessed the following fees:

Forum Fees	= \$ 3,000
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Total Fees	= \$ 3,000
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Balance Due NASD Dispute Resolution, Inc.	= \$ 3,000
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All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Richard E. Lauziere	-	Public Arbitrator, Presiding Chairman
Charles A. Cade	-	Public Arbitrator, Panelist
W. Douglas Davidson	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

Richard E. Lauziere
Richard E. Lauziere
Public Arbitrator, Presiding Chairman

4-16-02
Signature Date

Charles A. Cade
Charles A. Cade
Public Arbitrator, Panelist

Signature Date

W. Douglas Davidson
W. Douglas Davidson
Non-Public Arbitrator, Panelist

Signature Date

April 19, 2002
Date of Service (For NASD-Dispute Resolution office use only)

ARBITRATION PANEL

Richard E. Lauziere	- - -	Public Arbitrator, Presiding Chairman
Charles A. Cade	-	Public Arbitrator, Panelist
W. Douglas Davidson	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

Richard E. Lauziere
Public Arbitrator, Presiding Chairman

Signature Date

Charles A. Cade
Charles A. Cade
Public Arbitrator, Panelist

April 17, 2002
Signature Date

W. Douglas Davidson
Non-Public Arbitrator, Panelist

Signature Date

April 19, 2002
Date of Service (For NASD-Dispute Resolution office use only)

ARBITRATION PANEL

Richard E. Lauziere	-	Public Arbitrator, Presiding Chairman
Charles A. Cade	-	Public Arbitrator, Panelist
W. Douglas Davidson	-	Non-Public Arbitrator, Panelist

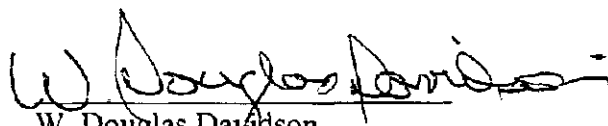
Concurring Arbitrators' Signatures

Richard E. Lauziere
Public Arbitrator, Presiding Chairman

Signature Date

Charles A. Cade
Public Arbitrator, Panelist

Signature Date



W. Douglas Davidson
Non-Public Arbitrator, Panelist

4/17/02

Signature Date

April 19, 2002
Date of Service (For NASD-Dispute Resolution office use only)