

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Salomon E. Melgen, M.D.

Case No. 01-01659

Hearing Site: *Boca Raton, Florida*

Name of Respondent

Salomon Smith Barney, Inc.

REPRESENTATION OF PARTIES

For Salomon E. Melgen, M.D. ("Melgen") hereinafter referred to as "Claimant": Adam S. Doner, Esq., Gordon & Doner, P.A., Palm Beach Gardens, Florida.

For Salomon Smith Barney, Inc. ("SSB") hereinafter referred to as "Respondent": Victor A. Machcinski, Jr., Director, Associate General Counsel, Salomon Smith Barney, Inc., New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: April 3, 2001.

Claimant signed the Uniform Submission Agreement: March 28, 2001.

Statement of Answer filed by Respondent on or about: June 5, 2001.

Respondent signed the Uniform Submission Agreement: June 4, 2001.

CASE SUMMARY

Claimant asserted the following: 1) Respondent failed and/or refused to allow Claimant a reasonable period of time to exercise compliance with a margin call; 2) Respondent made false and misleading representations to Claimant; 3) Respondent violated Chapter 517, Florida Statutes; 4) Respondent breached its fiduciary duty to Claimant; 5) Respondent was negligent in its handling of Claimant's account; 6) Respondent violated Rule 3000 of the NASD Rules of Fair Practice and NYSE Rule 405; 7) Respondent violated Rule 2110 of the NASD Rules of Fair Practice; and 8) Respondent violated Section 10(b)(5) of the Securities Exchange Act of 1934. The causes of action relate to the sale of shares of Presstek, Inc. stock by Respondent to cover a margin call.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimant requested rescission, plus loss of interest income and appreciation, attorney's fees, the costs of this proceeding and such other relief as is deemed just and proper.

Respondent requested that all claims against it be dismissed, that Respondent be awarded its fees and expenses, including attorney's fees, and costs of this arbitration.

OTHER ISSUES CONSIDERED AND DECIDED

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

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the undersigned arbitrators (the "Panel") have decided in full and final resolution of the issues submitted for determination as follows:

Claimant's claims are denied in their entirety.

Any and all other requests for relief not specifically addressed herein are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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 that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firm is a party.

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

Adjournment Fees

No adjournments were requested during these proceedings.

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 arbitrators, including a pre-hearing conference with the arbitrators, 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 conferences: September 6, 2001 | 1 session |
| Four (4) Hearing sessions x \$1,000.00 | = \$4,000.00 |
| Hearing Dates: March 12, 2002 | 2 sessions |
| March 13, 2002 | 2 sessions |
| <hr/> | |
| Total Forum Fees | = \$5,000.00 |

The panel has assessed \$2,500.00 of the forum fees to Claimant.
The panel has assessed \$2,500.00 of the forum fees to Respondent.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred during these proceedings.

Fee Summary

Claimant be and hereby is solely liable for:

| | |
|---|--------------|
| Initial Filing Fee | = \$ 250.00 |
| Forum Fees | = \$2,500.00 |
| <hr/> | |
| Total Fees | = \$2,750.00 |
| Less payments | = \$1,700.00 |
| <hr/> | |
| Balance Due NASD Dispute Resolution, Inc. | = \$1,050.00 |

Respondent be and hereby is solely liable for:

| | |
|---|--------------|
| Member Fees | = \$3,800.00 |
| Forum Fees | = \$2,500.00 |
| <hr/> | |
| Total Fees | = \$6,300.00 |
| Less payments | = \$3,800.00 |
| <hr/> | |
| Balance Due NASD Dispute Resolution, Inc. | = \$2,500.00 |

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

ARBITRATION PANEL

| | | |
|---------------------------|---|---|
| <i>Ivan Vega</i> | - | <i>Public Arbitrator, Presiding Chair</i> |
| <i>James B. May, Esq.</i> | - | <i>Public Arbitrator</i> |
| <i>David A. Pracker</i> | - | <i>Non-Public Arbitrator</i> |

Concurring Arbitrators' Signatures

_____/s/_____
Ivan Vega
Public Arbitrator, Presiding Chair

Signature Date

_____/s/_____
James B. May, Esq.
Public Arbitrator

Signature Date

_____/s/_____
David A. Pracker
Non-Public Arbitrator

Signature Date

April 17, 2002

Date of Service (For NASD-Dispute Resolution office use only)

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All balances are due and payable to NASD-Dispute Resolution, Inc. immediately upon receipt of the Award by the parties pursuant to Rule 1013(b)(1) of the Code.

ARBITRATION PANEL

| | | |
|--------------------|---|------------------------------------|
| Ivan Vega | - | Public Arbitrator, Presiding Chair |
| James B. May, Esq. | - | Public Arbitrator |
| David A. Procter | - | Non-Public Arbitrator |

Concerning Arbitrators' Signatures


Ivan Vega
Public Arbitrator, Presiding Chair

April 11, 2002
Signature Date

James B. May, Esq.
Public Arbitrator

Signature Date

David A. Procter
Non Public Arbitrator

Signature Date

Date of Service (For NASD-Dispute Resolution office use only)

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ARBITRATION PANEL

Ivan Vega
James B. May, Esq.
David A. Pracker

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures

Ivan Vega
Public Arbitrator, Presiding Chair

Signature Date

James B. May
James B. May, Esq.
Public Arbitrator

April 11, 2002
Signature Date

David A. Pracker
Non-Public Arbitrator

Signature Date

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| <i>David A. Pracker</i> | - | <i>Non-Public Arbitrator</i> |


Concurring Arbitrators' Signatures

Ivan Vega
Public Arbitrator, Presiding Chair

Signature Date

James B. May, Esq.
Public Arbitrator

Signature Date


David A. Pracker
Non-Public Arbitrator


Signature Date

Date of Service (For NASD-Dispute Resolution office use only)