

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Gary Heuer and Elizabeth Heuer, (Claimants) vs. Jesup & Lamont Securities Corp., Robert Cochran, Howard Curd, and Richard McLoone, (Respondents)

Case Number: 01-01965

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants, Gary Heuer ("G. Heuer") and Elizabeth Heuer ("E. Heuer"), hereinafter collectively referred to as "Claimants": Kim Juhase, Esq., Novak & Juhase, Roseland, NJ.

Respondents, Jesup & Lamont Securities Corp. ("Jesup"), Robert Cochran ("Cochran"), Howard Curd ("Curd"), and Richard McLoone ("McLoone"), hereinafter collectively referred to as "Respondents": James E. Nealon, Esq., Kelley Drye & Warren LLP, Stamford, CT.

CASE INFORMATION

Statement of Claim filed on or about: April 12, 2001.

Amended Statement of Claim filed on or about: October 30, 2001.

G. Heuer signed the Uniform Submission Agreement: February 5, 2001.

E. Heuer signed the Uniform Submission Agreement: February 5, 2001.

G. Heuer signed the revised Uniform Submission Agreement: October 22, 2001.

E. Heuer signed the revised Uniform Submission Agreement: October 22, 2001.

Joint Statement of Answer filed by Respondents on or about: July 20, 2001.

Jesup signed the Uniform Submission Agreement: June 7, 2001.

Cochran signed the Uniform Submission Agreement: June 7, 2001.

Curd signed the Uniform Submission Agreement: June 7, 2001.

McLoone signed the Uniform Submission Agreement: October 20, 2001.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract; common law fraud; negligence; violations of the Exchange Act and the rules thereunder; violation of the New Jersey Uniform Securities Law; unsuitability; churning; unauthorized transactions; and respondent superior. Claimants' claim involved a variety of stocks and options.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: a suitability obligation arises only if a recommendation is made, and Claimants made the vast majority of investment decisions in their accounts; Respondents' investment recommendations to Claimants were suitable based upon the information provided by Claimants; Claimants understood, appreciated, and accepted the risks posed by the trades made in their accounts; Claimants' losses were attributable to market conditions and to Claimants' own self-directed trading strategies and investment decisions, not to any action or inaction by Respondents; Claimants authorized, accepted, and ratified the transactions they now complain about; Claimants' claims are barred by the doctrines of waiver, estoppel, laches, unclean hands, ratification, and applicable provisions of the Uniform Commercial Code; Claimants failed to timely challenge alleged unauthorized transactions; Respondents did not exercise control over Claimants' account; Claimants failed to mitigate their alleged damages; Claimants fail to state a claim upon which relief may be granted; McLoone was never Cochran's supervisor; and Curd and Jesup were fully aware of the activity being conducted in Claimants' accounts and adequately supervised Cochran.

RELIEF REQUESTED

Claimants requested:

- a. Compensatory damages in the amount of \$400,000.00;
- b. Return of profits and commissions;
- c. Interest;
- d. Attorneys' fees; and
- e. Punitive damages in an amount to be determined by the Panel.

Respondents requested that the Panel deny Claimants' requests for relief in their entirety, enter an Award in Respondents' favor, including reasonable attorneys' fees, interest, and costs, plus a recommendation that any reference to this matter be expunged from the individual Respondents' Central Registration Depository ("CRD") records, along with such other, further, and different relief as the Panel deems just, equitable, and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Curd and McLoone made Motions to Dismiss at the conclusion of Claimants' case. The Panel granted said Motions.

Respondents made a Motion to Dismiss the churning, suitability, and unauthorized trading claims at the conclusion of Claimants' case. The Panel granted the Motion with respect to the churning claim, but denied it with respect to the suitability and unauthorized trading claims.

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. Claimants' claims are hereby dismissed in their entirety.
2. Each party shall bear its own costs.
3. The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondents Cochran, Curd, and McLoone's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondents Cochran, Curd, and McLoone must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. All other requests for relief 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	= \$ 300.00
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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 that employed the associated persons at the time of the events giving rise to the dispute. In this matter, Jesup & Lamont Securities Corp. is a party.

Member surcharge	= \$ 1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 2,500.00

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:

One (1) Pre-hearing session with a single arbitrator x \$450.00	= \$ 450.00
Pre-hearing conference: February 15, 2002	1 session

One (1) Pre-hearing session with Panel x \$1,125.00	= \$ 1,125.00
Pre-hearing conference: November 5, 2001	1 session

Twelve (12) Hearing sessions x \$1,125.00	= \$13,500.00
Hearing Dates:	
March 13, 2002	2 sessions
March 14, 2002	2 sessions
April 24, 2002	2 sessions
April 25, 2002	2 sessions
May 15, 2002	2 sessions
May 16, 2002	1 session
May 28, 2002	1 session

Total Forum Fees	= \$15,075.00
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1. The Panel has assessed \$7,537.50 of the forum fees against Claimant.
2. The Panel has assessed \$7,537.50 of the forum fees against Jesup.

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.

1. Respondents, requested tapes, \$195.00.

Fee Summary

1. Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	= \$ 7,537.50
Total Fees	= \$ 7,837.50
<u>Less payments</u>	= \$ 1,450.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 6,387.50

2. Jesup be and hereby is solely liable for:

Member Fees	= \$ 4,600.00
<u>Forum Fees</u>	= \$ 7,537.50
Total Fees	= \$12,137.50
<u>Less payments</u>	= \$ 1,830.00
Balance Due NASD Dispute Resolution, Inc.	= \$10,307.50

3. Respondents be and hereby are jointly and severally liable for:

<u>Administrative Costs</u>	= \$ 195.00
Total Fees	= \$ 195.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 195.00

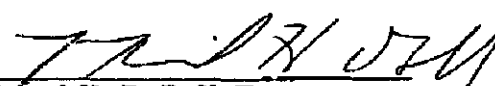
All balances are due and payable to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

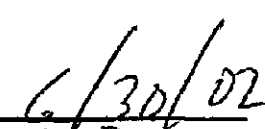
Michael H. DuBoff, Esq.	-	Public Arbitrator, Presiding Chair
Alexandra L. Dunaif	-	Public Arbitrator
Joseph Kosinsky, MBA	-	Industry Arbitrator

Concurring Arbitrators' Signatures

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.



Michael H. DuBoff, Esq.
Public Arbitrator, Presiding Chair



Signature Date

Alexandra L. Dunaif
Public Arbitrator

Signature Date

Joseph Kosinsky, MBA
Industry Arbitrator

Signature Date

July 3, 2002
Date of Service (For NASD office use only)

ARBITRATION PANEL

Michael H. DuBoff, Esq.	-	Public Arbitrator, Presiding Chair
Alexandra L. Dunaff	-	Public Arbitrator
Joseph Kosinsky, MBA	-	Industry Arbitrator

Concurring Arbitrators' Signatures

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Michael H. DuBoff, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Alexandra L. Dunaff
Public Arbitrator



Signature Date

Joseph Kosinsky, MBA
Industry Arbitrator

Signature Date

July 3, 2002

Date of Service (For NASD office use only)

ARBITRATION PANEL

Michael H. DuBoff, Esq.	-	Public Arbitrator, Presiding Chair
Alexandra L. Dunaif	-	Public Arbitrator
Joseph Kosinsky, MBA	-	Industry Arbitrator

Concurring Arbitrators' Signatures

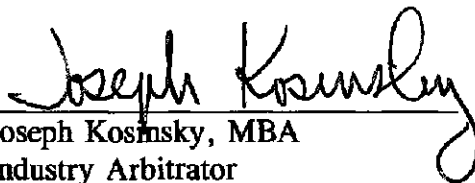
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Michael H. DuBoff, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Alexandra L. Dunaif
Public Arbitrator

Signature Date


Joseph Kosinsky, MBA
Industry Arbitrator

6/27/02
Signature Date

July 3, 2002
Date of Service (For NASD office use only)