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

In the Matter of the Arbitration Proceeding Between

May Financial Corporation,
Claimant/Counterrespondent,

Vs.

S.S.T. Insurance Agency, Inc.,
Respondent/Counterclaimant/Third-Party Claimant,

Vs.

Northstar Securities, Inc.,
Third-Party Respondent.

Case Number: 01-02152
Hearing Site: Cleveland, Ohio

REPRESENTATION OF THE PARTIES

Claimant/Counterrespondent May Financial Corporation ("May") was represented by Corbet F. Bryant, Jr., Esquire, of Carrington, Coleman, Sloman & Blumenthal, Dallas, Texas.

Respondent/Counterclaimant/Third-Party Claimant S.S.T. Insurance Agency, Inc. ("S.S.T."), was represented by Donald E. George, Esquire, Akron, Ohio.

Third-Party Respondent Northstar Securities, Inc. ("Northstar"), was not represented.

CASE INFORMATION

The Statement of Claim was filed on or about April 27, 2001.

The Uniform Submission Agreement, signed by May's Chief Financial Officer, was submitted on or about April 27, 2001.

S.S.T. filed its Answer, Counterclaim and Third-Party Claim on or about July 11, 2001.

Gary Thomas, President of S.S.T., signed the Uniform Submission Agreement on July 6, 2001.

May filed an Answer to the Counterclaim on or about July 16, 2001.

Northstar did not file an Answer to the Counterclaim and did not sign the Uniform Submission Agreement.

S.S.T. filed its Amended Answer and Counterclaim on or about November 27, 2001.

May filed its Amended Answer to Counterclaim on or about December 3, 2001.

CASE SUMMARY

May alleged that S.S.T. opened a margin account with Northstar, which used May as its clearing firm. As a result, S.S.T. executed a written agreement pursuant to which May loaned money for use by S.S.T. in executing securities trades. Adverse market movement resulted in various margin calls on the account. Ultimately, S.S.T. failed to meet a margin call, which resulted in May liquidating the account. After the liquidation was concluded and the proceeds of sales applied to the outstanding debt of S.S.T., a deficiency of \$801,995.73 remained. May sought recovery based upon causes of action for breach of contract and money had and received.

In its Answer, Counterclaim and Third-Party Claim, S.S.T. asserted that May did not comply with NASD Guidelines in closing the positions in question and permitted the account to be churned. S.S.T. further asserted that there were various violations of NASD guidelines for minimum margin requirements and that the account should have been liquidated at an earlier date. S.S.T. also asserted that the loss of equity in the account resulted from May and Northstar failing to enforce NASD margin requirements.

May filed an Answer to the Counterclaim asserting that the broker handling the account was not an employee or otherwise retained on behalf of May and that May had no duty to review the account to determine suitability or to prevent any alleged churning. May further asserted that it properly handled its role concerning S.S.T.'s account and did not violate any duty to S.S.T. May further pointed out that S.S.T. withdrew \$9,000.00 from the account while not depositing any money. As a result, S.S.T. has suffered no damages to date as a result of its trading for which May was the clearing firm.

In its Amended Answer and Counterclaim, S.S.T. acknowledged that Northstar was no longer in business. However, S.S.T. did not expressly withdraw its claims against Northstar.

In its Amended Answer to Counterclaim, May reiterated the arguments set forth in its initial Answer to Counterclaim.

RELIEF REQUESTED

May requested an award in the amount of \$801,995.73 with pre-judgment and post-judgment interest, attorney's fees, filing fees and forum fees. May also requested that all claims asserted against it in the Counterclaim be dismissed.

S.S.T. requested that all claims against it be dismissed and that it have recovery on its Amended Counterclaim in the amount of \$1,500,000.00.

OTHER ISSUES CONSIDERED AND DECIDED

On or about January 9, 2002, the Securities Investor Protection Corporation ("SIPC") stayed indefinitely all proceedings against Northstar Securities, Inc. Northstar was therefore dismissed without prejudice from this matter. The undersigned Panel enters no award against Northstar Securities, Inc.

Based upon the contents of the file and representations made by counsel for the two parties, the undersigned arbitrators have determined that it has jurisdiction of this matter as both remaining parties have submitted this matter to arbitration and have executed Uniform Submission Agreements. Also, both parties, through communications from their counsel of record, have requested that the arbitrators enter the award set forth below.

The parties further 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) remains on file with NASD Dispute Resolution, Inc. ("NASD-DR").

AWARD

After considering the pleadings and the stipulated request of the parties, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant May Financial Corporation is hereby awarded recovery against Respondent S.S.T. Insurance Agency, Inc., in the amount of \$450,000.00 (Four Hundred Fifty Thousand Dollars and No Cents) in compensatory damages, plus post-judgment interest at the rate of ten percent (10%) per annum from and after March 1, 2002, until paid.
2. Counterclaimant S.S.T. Insurance Agency, Inc., shall take nothing against May Financial Corporation by way of its Counterclaim and all claims asserted in the Counterclaim are denied with prejudice.
3. Unless specified otherwise herein, parties are to bear their own fees and costs.
4. Any and all other relief not addressed herein is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc., will collect or retain the following non-refundable filing fees:

Initial claim filing fee	= \$1,250.00
Counterclaim/Third-Party claim filing fee	= \$ 500.00

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 a party.

Member surcharge	= \$2,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$4,500.00

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 the full Panel x \$1,200	= \$1,200.00
Pre-hearing conference: December 14, 2001 1 session	
Total Forum Fees	= \$1,200.00

The Panel has assessed the entire \$1,200.00 in forum fees incurred in this arbitration to S.S.T. Insurance Agency, Inc.

FEE SUMMARY

May Financial Corporation is solely liable for:

Initial Filing Fee	= \$1,250.00
<u>Member Fees</u>	<u>= \$7,100.00</u>
Total Fees	= \$8,350.00
<u>Less payments</u>	<u>= \$9,550.00</u>
Refund Due from NASD Dispute Resolution, Inc.	= \$1,200.00

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S.S.T. Insurance Agency, Inc., is solely liable for:

Counterclaim/Third-Party Claim filing fee	= \$ 500.00
Forum Fees	= \$1,200.00
Total Fees	= \$1,700.00
Less payments	= \$ 0.00
Balance Due to NASD Dispute Resolution, Inc.	= \$1,700.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Harold C. Reeder, Esq.
Mark A. Sanchez, Esq.
Jay S. Ferrier

- Public Arbitrator, Chairperson
- Public Arbitrator
- Non-Public Arbitrator


Harold C. Reeder, Esq.
Chairperson

April 15, 2002
Signature Date

Mark A. Sanchez, Esq.
Public Arbitrator

Signature Date

Jay S. Ferrier
Non-Public Arbitrator

Signature Date

Date of Service

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S.S.T. Insurance Agency, Inc., is solely liable for:

Counterclaim/Third-Party Claim filing fee	= \$ 500.00
<u>Forum Fees</u>	<u>= \$1,200.00</u>
Total Fees	= \$1,700.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due to NASD Dispute Resolution, Inc.	= \$1,700.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Harold C. Reeder, Esq.
Mark A. Sanchez, Esq.
Jay S. Ferrier

- Public Arbitrator, Chairperson
- Public Arbitrator
- Non-Public Arbitrator

Harold C. Reeder, Esq.
Chairperson

Signature Date

Mark A. Sanchez, Esq.
Public Arbitrator

4/23-02
Signature Date

Jay S. Ferrier
Non-Public Arbitrator

Signature Date

Date of Service

NASD Dispute Resolution, Inc.
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S.S.T. Insurance Agency, Inc., is solely liable for:

Counterclaim/Third-Party Claim filing fee	= \$ 500.00
<u>Forum Fees</u>	= \$1,200.00
Total Fees	= \$1,700.00
<u>Less payments</u>	= \$ 0.00
Balance Due to NASD Dispute Resolution, Inc.	= \$1,700.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

<i>Harold C. Reeder, Esq.</i>	-	<i>Public Arbitrator, Chairperson</i>
<i>Mark A. Sanchez, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Jay S. Ferrier</i>	-	<i>Non-Public Arbitrator</i>

Harold C. Reeder, Esq.
Chairperson

Signature Date

Mark A. Sanchez, Esq.
Public Arbitrator

Signature Date

Jay S. Ferrier
Non-Public Arbitrator

4-19-02
Signature Date

Date of Service