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

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In the Matter of the Arbitration Proceeding Between

**May Financial Corporation,**  
Claimant/Counterrespondent,

Vs.

Case Number: 01-02207

**Granger Meadows, Ltd.,**  
Respondent/Counterclaimant/Third-Party Claimant,

Vs.

**Northstar Securities, Inc.,**  
**Matthew Winslow,**  
**Russell S. Tarbett,**  
**John W. Ferguson, and**  
**Scottsdale Securities, Inc.,**  
Third-Party Respondents.

Hearing Site: Cleveland, Ohio

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**REPRESENTATION OF THE PARTIES**

Claimant/Counterrespondent May Financial Corporation was represented by Corbet F. Bryant, Jr., Esq., Carrington, Coleman, Sloman & Blumenthal, L.L.P.

Respondent/Counterclaimant/Third-Party Claimant Granger Meadows, Ltd., was represented by Brian Biggins, Esq., and Douglas Kutsko, Esq., Brian P. Biggins & Associates Co., L.P.A. and Donald E. George, Esq.

Third-Party Respondent Northstar Securities, Inc., has previously been dismissed from this matter as a result of a bankruptcy.

Third-Party Respondent Matthew Winslow has participated *pro se*.

Third-Party Respondent Russell S. Tarbett was represented by Lawrence E. Ackels, Jr., Esq., Ackels & Ackels, LLP.

Third-Party Respondent John W. Ferguson was represented by Corbet F. Bryant, Jr., Esq., Carrington, Coleman, Sloman & Blumenthal, L.L.P.

Third-Party Respondent Scottsdale Securities, Inc., also known as Scottrade, Inc., has previously been dismissed from this matter.

### **CASE INFORMATION**

The Statement of Claim was filed on or about April 24, 2001. A Submission Agreement of Claimant was signed and was submitted on or about April 24, 2001.

Granger Meadows, Ltd. submitted an Answer on or about July 9, 2001, along with a Submission Agreement of that date.

Granger Meadows, Ltd. filed and submitted a Counterclaim and Third-Party Statement of Claim on July 9, 2001.

May Financial Corporation filed its Answer to the Counterclaim on July 31, 2001.

John W. Ferguson filed his Answer and Uniform Submission Agreement on August 8, 2001.

Northstar Securities, Inc., and Russell S. Tarbett filed Answers to the Third-Party Claim of Granger Meadows on or about August 20, 2001.

Scottsdale Securities, Inc., also known as Scottrade, Inc. filed a motion to dismiss Third-Party Claims and Answer to Third-Party Claims on August 30, 2001.

Matthew Winslow filed an Answer to the Third-Party Claim of Granger Meadows on December 10, 2001.

On January 17, 2002, the arbitration panel dismissed Scottsdale Securities, Inc., without prejudice.

On January 29, 2002, Northstar Securities, Inc., submitted a notice of bankruptcy.

### **CASE SUMMARY**

Claimant May Financial Corporation alleged that Respondent Granger Meadows, Ltd. opened a margin account with Northstar Securities, Inc., which used Claimant as its clearing firm. As a result, Granger Meadows, Ltd., executed a written agreement pursuant to which Claimant loaned money for use by Respondent in executing securities trades. Adverse market movement resulted in various margin calls on the account. Ultimately, Respondent failed to meet a margin call, which resulted in Claimant liquidating the account. After the liquidation was concluded and the proceeds of sales applied to the outstanding debt of Respondent, a deficiency of \$969,035.38 remained. Claimant sought recovery of that amount together with interest and attorney's fees based upon two causes of action, Breach of Contract and Money Had and Received.

Respondent, by way of answer, asserted that Claimant and Third-Party Respondents that it named, Scottsdale, Northstar, Winslow, Tarbett and Ferguson, had been negligent, which caused losses and financial debt to Granger. Granger further alleged breach of contract and breach of fiduciary duty in the sale of the securities. Granger also alleged that NASD business conduct rules were violated as well as rules of the Federal Reserve System, and that there was a failure to supervise. Granger also alleged unsuitable transactions, churning, and various omissions. Granger alleged that it was entitled to recover pursuant to a Counterclaim against May and the Third-Party Respondents \$150,000 in compensatory damages and \$400,000 punitive damages, as well as cancellation of the debt. Respondent also asserted that there was trading activity in the account of Granger Meadows without proper authority of Granger Meadows.

May filed an Answer to the Counterclaim denying that it breached any duty and that there were any unauthorized transactions in the account, as well as pleading that Granger had breached its contractual duties.

The Third-Party Respondents, Ferguson, Tarbett, Northstar, and Scottsdale all filed Answers to the Third-Party Statement of Claim denying any liability therein. Scottsdale also filed a Motion to Dismiss that was granted and Scottsdale was no longer a party to the arbitration as of the time of the hearing.

#### **RELIEF REQUESTED**

Claimant requested an award of \$969,035.38 with interest thereon from March 2001 to the time of the Award, reasonable attorney's fees, and post-award interest at the rates provided by law, and that the Counterclaim be dismissed.

Granger Meadows, Ltd., requested that all claims against it be dismissed and that it recover \$150,000 in compensatory damages, \$100,000 in punitive damages against Counterrespondent and all Third-Party Respondents, \$300,000 in punitive damages against Counterrespondent and Matthew Winslow, attorney's fees, interest and costs.

The Third-Party Respondents requested that all claims against them be dismissed.

#### **OTHER ISSUES CONSIDERED & 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 the parties have submitted this matter to arbitration and have executed Submission Agreements. Also, the parties,

through communications from their counsel of record or personally in the case of the *pro se* party, have requested that the arbitrators enter the award set forth below which was negotiated between them.

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 the NASD Dispute Resolution, Inc. (the "NASD").

### **AWARD**

After considering the pleadings and evidence on file, 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 Granger Meadows, Ltd. in the amount of \$750,000 plus post-judgment interest at the rate of ten percent (10%) per annum from and after June 1, 2002, until paid;
2. Counter-Claimant Granger Meadows, Ltd. shall take nothing against May Financial Corporation by way of its Counterclaim and all claims asserted in the Counterclaim are denied with prejudice;
3. Third-Party Claimant Granger Meadows, Ltd. shall take nothing against Third-Party Respondents John W. Ferguson, Russell S. Tarbett, and Matthew Winslow by way of its Third-Party Complaint and all claims asserted in the Third-Party Complaint are denied with prejudice;
4. All parties shall bear the filing fees, forum fees and assessments that they respectively have incurred, and as are normally assessed by NASD Dispute Resolution, Inc.;
5. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party herein is denied with prejudice.

### **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	= \$ 375.00

**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 firms are parties.

Member surcharge	= \$ 2,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 3,500.00

**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 single arbitrator x \$450.00	= \$ 450.00
Pre-hearing conferences: December 21, 2001 1 session	

Two (2) Pre-hearing sessions with the full Panel x \$1,200	= \$ 2,400.00
Pre-hearing conferences: December 10, 2001 1 session	
January 17, 2002 1 session	

Total Forum Fees	= \$ 2,850.00
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The Panel has assessed the forum fees incurred in this arbitration as follows: \$465.00 to May Financial Corporation, \$1,065.00 to Granger Meadows, Ltd., \$840.00 to Scottsdale Securities, Inc., \$240.00 to Northstar Securities, Inc., and \$240.00 to Matthew Winslow.

**FEE SUMMARY**

May Financial Corporation is solely liable for:

Initial Filing Fee	= \$ 1,250.00
Member Fees	= \$ 6,100.00
Forum Fees	= \$ 465.00
Total Fees	= \$ 7,815.00
Less payments	= \$ 8,550.00
Refund Due from NASD Dispute Resolution, Inc.	= \$ 735.00

Granger Meadows, Ltd., is solely liable for:

Counterclaim/Third-Party Claim filing fee	= \$ 375.00
Forum Fees	= \$ 1,065.00
Total Fees	= \$ 1,440.00
Less payments	= \$ 0.00
Balance Due to NASD Dispute Resolution, Inc.	= \$ 1,440.00

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Scottsdale Securities, Inc., is solely liable for:

Member Fees	= \$ 6,100.00
Forum Fees	= \$ 840.00
Total Fees	= \$ 6,940.00
Less payments	= \$ 5,440.00
Balance Due to NASD Dispute Resolution, Inc.	= \$ 1,500.00

Northstar Securities, Inc., is solely liable for:

Member Fees	= \$ 6,100.00
Forum Fees	= \$ 240.00
Total Fees	= \$ 6,340.00*
Less payments	= \$ 0.00
Balance Due to NASD Dispute Resolution, Inc.	= 0.00

\*All fees assessed against Northstar Securities, Inc., are waived, as Northstar has been dismissed due to SIPC liquidation.

Matthew Winslow is solely liable for:

Forum Fees	= \$ 240.00
Total Fees	= \$ 240.00
Less payments	= \$ 0.00
Balance Due to NASD Dispute Resolution, Inc.	= \$ 240.00

All balances are due to NASD Dispute Resolution, Inc.

**ARBITRATION PANEL**

Edward F. Siegel, Esq.  
 Harlita H. Robinson, CPA  
 Sherry L. Bruce

Edward F. Siegel, Esq.  
 Chairperson

Public Arbitrator, Chairperson  
 Public Arbitrator  
 Non-Public Arbitrator

5-22-02  
 Signature Date

Harlita H. Robinson, CPA  
 Public Arbitrator

Signature Date

Sherry L. Bruce  
 Non-Public Arbitrator

Signature Date

Date of Service

NASD Dispute Resolution, Inc.

Arbitration Case #: 01-02207

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Matthew Winslow is solely liable for:

Forum Fees	= \$ 240.00
Total Fees	= \$ 240.00
Less payments	= \$ 0.00
Balance Due to NASD Dispute Resolution, Inc.	= \$ 240.00

All balances are due to NASD Dispute Resolution, Inc.

**ARBITRATION PANEL**

Edward F. Siegel, Esq.

Harlita H. Robinson, CPA

Sherry L. Bruce

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Public Arbitrator, Chairperson

Public Arbitrator

Non-Public Arbitrator

Edward F. Siegel, Esq.

Chairperson



Harlita H. Robinson, CPA

Public Arbitrator

Signature Date

5/31/02

Signature Date

Sherry L. Bruce

Non-Public Arbitrator

Signature Date

Date of Service

NASD Dispute Resolution, Inc.  
Arbitration Case #: 01-02207

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Matthew Winslow is solely liable for:

Forum Fees	= \$ 240.00
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Less payments	= \$ 0.00
Balance Due to NASD Dispute Resolution, Inc.	= \$ 240.00

All balances are due to NASD Dispute Resolution, Inc.

### **ARBITRATION PANEL**

Edward F. Siegel, Esq.  
Harlita H. Robinson, CPA  
Sherry L. Bruce

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Public Arbitrator, Chairperson  
Public Arbitrator  
Non-Public Arbitrator

Edward F. Siegel, Esq.  
Chairperson

Signature Date

Harlita H. Robinson, CPA  
Public Arbitrator

Signature Date

Sherry L. Bruce  
Non-Public Arbitrator

Signature Date

Date of Service

5/22/02