

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Name of the Claimant

Theresa Martin and Theresa Martin, as
Trustee of the Theresa Martin IRA

Case Number: 01-02463

Name of the Respondents

Stifel, Nicolaus & Co., Inc.;
Michael Grimes; Harry Young; and
Todd Burnett

Hearing Site: St. Louis, Missouri

REPRESENTATION OF PARTIES

Claimant Theresa Martin and Theresa Martin, as Trustee of the Theresa Martin IRA ("Martin") was represented by Stuart R. Berkowitz, Esq., of the firm of Platke and Berkowitz, L.L.P., located in St. Louis, Missouri.

Respondent Stifel, Nicolaus & Co., Inc. ("Stifel") was represented by Richard H. Kuhlman, Esq., of the firm of Blackwell Sanders Peper Martin LLP, located in St. Louis, Missouri.

Respondent Michael Grimes ("Grimes") was represented by Steven W. Koslovsky, Esq., of Blumenfeld, Kaplan & Sandweiss, P.C., located in St. Louis, Missouri.

Respondent Harry Young ("Young") was represented by Donald J. Mehan, Jr. of the firm of Moline Shostak & Mehan LLC, located in St. Louis, Missouri.

Respondent Todd Burnett ("Burnett") was represented by Robert E. Eggmann, Esq., of the firm of Copeland, Thompson & Farris, P.C., located in Clayton, Missouri.

CASE INFORMATION

Statement of Claim filed: May 10, 2001.

Claimant signed the Uniform Submission Agreement: May 4, 2001.

Statement of Answer filed by Respondent Stifel on or about: June 29, 2001.

Respondent Stifel signed the Uniform Submission Agreement: May 21, 2001.

Statement of Answer filed by Respondent Grimes on: May 29, 2001.

Counterclaim filed by Respondent Grimes on: May 29, 2001.

Respondent Grimes signed the Uniform Submission Agreement: May 24, 2001.

Motion to Dismiss filed by Respondent Grimes on or about: May 29, 2001.

Claimant's Response to Grime's Motion to Dismiss filed: August 27, 2001., 2001.

Statement of Answer and Counterclaim filed by Respondent Young on or about: July 5, 2001.

Respondent Young signed the Uniform Submission Agreement: July 5, 2001.

Claimant's Response to Young's Motion to Dismiss filed: July 16, 2001.

Statement of Answer and Counterclaim filed by Respondent Burnett on or about: July 23, 2001.

Respondent Burnett signed the Uniform Submission Agreement: July 23, 2001.

Respondent Burnett's Motion to Dismiss filed: August 1, 2001.

Claimant's Response to Burnett's Motion to Dismiss filed: August 6, 2001.

CASE SUMMARY

Claimant asserted that the Respondents induced her to purchase highly speculative and risky stocks, which were unsuitable given Claimant's stated investment objectives. Eventually, Respondents recommended that Grimes engage in a strategy of day-trading, resulting in additional losses.

Unless specifically admitted in its Answer, Respondent Stifel denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Claimant fails to state a claim upon which relief can be granted;
2. The Claimant's damages, if any, were caused by the acts or omissions of third parties over which Respondent had no control;
3. Claimant's claims are barred by the doctrines of waiver, estoppel, acquiescence, ratification and laches;
4. Stifel did not know or, in the exercise of reasonable care, could not have known of the purported facts upon which Claimant bases her claim against Stifel;
5. Claimant received account statements and confirmations and did not object to the transactions in her account;
6. The applicable federal and state statutes of limitations bar Claimant's claim;
7. The negligence and/or fault of Claimant bars Claimant's claims in whole or in part;
8. Claimant failed to exercise due diligence in connection with making the investments complained of in the Statement of Claim;
9. Claimant failed to mitigate her damages, if any; and
10. Claimant's claim for punitive damages is barred by the excessive penalties clause of the Eighth Amendment to the United States Constitution and the due process clause of the Fourteenth Amendment to the United States Constitution.

Unless specifically admitted in its Answer, Respondent Grimes denied the allegations made in the Statement of Claim and asserted that Claimant wanted to trade aggressively and he cannot be held accountable for losses in a risky strategy enthusiastically embraced by Claimant. Grimes asserted a counterclaim, alleging that Martin was paid full restitution as part of a Consent Order and that the claims asserted in this matter are frivolous and brought for an improper purpose.

Unless specifically admitted in its Answer, Respondent Young denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Claimant has failed to state a claim upon which relief can be granted;
2. Claimant's claims are barred, in whole or in part, by the doctrine of waiver;
3. Claimant's claims are barred, in whole or in part, by the doctrine of laches; and
4. Claimant's claims are barred, in whole or in part, by the doctrine of estoppel.

In addition, Young asserted a counterclaim alleging that since Claimant's claims were without merit and frivolous, but still required public disclosure, his business reputation had been damaged.

Unless specifically admitted in its Answer, Respondent Burnett denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Claimant admitted that Burnett committed no wrongdoing with respect to her accounts;
2. Claimant fails to state a claim upon which relief can be granted;
3. The Claimant's damages, if any, were caused by the acts or omissions of third parties over which Respondent had no control;
4. Claimant's claims are barred by the doctrines of waiver, estoppel, acquiescence, ratification and laches;
5. Burnett did not know or could not have known of the purported facts upon which Claimant bases her claim;
6. Claimant received account statements and confirmations and did not object to the transactions in her account;
7. The applicable federal and state statutes of limitations bar Claimant's claim;
8. The negligence and/or fault of Claimant bars Claimant's claims in whole or in part;
9. Claimant failed to exercise due diligence in connection with making the investments complained of in the Statement of Claim;
10. Claimant failed to mitigate her damages, if any; and
11. Claimant's action constitutes abuse of process.

Respondent Burnett asserted a counterclaim alleging that the filing of this action was to seek an improper advantage and not for any alleged wrongdoing he committed. As a result of the filing, Burnett's professional reputation was harmed.

RELIEF REQUESTED

Claimant Martin requested:

Compensatory Damages	\$24,500.00
Interest	Unspecified
Attorneys' Fees	Determined at hearing
Other Costs	Determined at hearing
Plus Other Monetary/Non-Monetary Relief if any.	

Respondent Stifel requested that the claims be dismissed, that Claimant's relief requests be denied, for its costs incurred and for such further relief as the panel deemed proper.

Respondent Grimes requested that Martin's claims be dismissed at Claimant's cost and expense. In addition, Grimes requested that the panel award him the following relief on his counterclaim:

Compensatory Damages	\$15,000.00
Other Costs	Determined at hearing
Plus Other Monetary/Non-Monetary Relief if any.	

Respondent Young requested that Martin's claims be dismissed with prejudice and that he be awarded his costs, disbursements and attorneys' fees. Young requested the following relief be awarded for his counterclaim:

Compensatory Damages	\$100,000.00
Punitive Damages	Unspecified amount
Attorneys' Fees	Determined at hearing
Other Costs	Determined at hearing
Plus Other Monetary/Non-Monetary Relief if any.	

Respondent Burnett requested that Claimant's claims be dismissed, the requested relief be denied and for his costs incurred, including attorneys' fees. In addition, Burnett requested the following relief be awarded on his counterclaim:

Compensatory Damages	Unspecified amount
Punitive Damages	Unspecified amount
Attorneys' Fees	Determined at hearing
Other Costs	Determined at hearing

OTHER ISSUES CONSIDERED AND DECIDED

On May 3, 2002, counsel for Respondent Stifel informed NASD Dispute Resolution, Inc. that Respondents Stifel, Nicolaus & Co., Inc., Harry Young and Todd Burnett had reached a settlement with the Claimant and would not be attending the hearing scheduled for May 6, 2002. Based upon this presentation, the arbitrator took no further action in determining the claims against these Respondents. The hearing continued as scheduled to hear the claims against Respondent Michael Grimes.

At hearing, Respondent Grimes presented argument on his Motion to Dismiss. After considering the arguments presented by counsel, the Arbitrator denied the Motion.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Michael Grimes is liable for and shall pay to the Claimants, Theresa Martin and Theresa Martin, as Trustee of the Theresa Martin IRA, the sum of \$6,293.48 as compensatory damages;
2. The counterclaim filed by Respondent Michael Grimes is dismissed and denied in

its entirety;

3. Pursuant to the settlement notification, the claims against Respondents Stifel, Nicolaus & Co., Inc., Harry Young, and Todd Burnett are dismissed;
4. Pursuant to the settlement notification, the Counter Claims filed by Respondents Harry Young, and Todd Burnett are dismissed;
5. The parties shall bear their own costs of arbitration, including any attorneys' fees, except for those sums specifically stated in this award; and
6. Any and all relief not specifically addressed herein is 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	= \$ 125.00
Grime's Counter claim filing fee	= \$ 125.00
Young's Counter claim filing fee	= \$ 225.00
Burnett's Counter 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. Accordingly, Respondent Stifel, Nicolaus & Co., Inc. is a party.

Member surcharge	= \$ 400.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed: None.

Forum Fees and Assessments

The Arbitrator has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrator, including a pre-hearing conference with the arbitrator, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing sessions with a single arbitrator @ \$450.00	= \$ 450.00
Pre-hearing conference: November 19, 2001 1 session	
Two (2) Hearing sessions @ \$450.00	= \$ 900.00
Hearing Date: May 6, 2002 2 sessions	
Total Forum Fees	= \$1,350.00

The Arbitrator has assessed \$1,350.00 of the forum fees to Respondent Michael Grimes.

FEE SUMMARY

Claimant Theresa Martin and Theresa Martin, as Trustee of the Theresa Martin IRA is solely liable for:

Initial Filing Fee	= \$ 125.00
Less payments	= \$ 575.00
Balance Refunded by NASD Dispute Resolution, Inc.	= \$ 450.00

Respondent Stifel, Nicolaus & Co., Inc. is solely liable for:

Member Fees	= \$3,500.00
Less payments	= \$2,000.00
Balance Due NASD Dispute Resolution, Inc.	= \$1,500.00

Respondent Michael Grimes is solely liable for:

Filing Fee	= \$ 125.00
Forum Fees	= \$1,350.00
Total Fees	= \$1,475.00
Less payments	= \$ 575.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 900.00

Respondent Harry Young is solely liable for:

Filing Fee	= \$ 225.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 225.00

Respondent Todd Burnett is solely liable for:

Filing Fee	= \$ 250.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 250.00

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

ARBITRATOR'S SIGNATURE


Raymond R. Hirsch, Esq.
Public Arbitrator, Presiding Chairperson

May 31, 2002
Signature Date

5/31/02 Date of Service (For NASD Dispute Resolution office use only)