

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Perry S. Reich (Claimant) v. Gruntal & Co., L.L.C., The GMS Group, L.L.C., Ryan Beck & Co., L.L.C., and Joseph Burgos (Respondents)

Case Number: 01-02937

Hearing Site: New York, New York

Nature of the Dispute: Customer vs. Members and Associated Person.

REPRESENTATION OF PARTIES

Claimant Perry S. Reich ("Reich") hereinafter referred to as "Claimant": William S. Shepherd, Esq., Shepherd, Smith & Bebel, P.C., Houston, TX.

Respondents Gruntal & Co., L.L.C. ("Gruntal") and Joseph Burgos ("Burgos"): William D. Briendel, Esq., Greenberg Traurig, New York, NY. Previously represented by: Richard A. Levan, Esq., Richard A. Levan, P.C., Philadelphia, PA, and Richard A. Levan, Esq., Drinker Biddle & Reath, LLP, Philadelphia, PA.

Respondent The GMS Group ("GMS"): Thomas M. Licata, Esq., Lynch & Lynch, LLP, Paramus, NJ.

Respondent Ryan, Beck & Co., L.L.C. ("Ryan Beck"): Joel E. Davidson, Esq., Davidson & Grannum, formerly Davidson, Manchel & Brennan, LLP, Northvale, NJ.

CASE INFORMATION

Statement of Claim filed on or about: May 25, 2001.

Amended Statement of Claim filed on or about: June 21, 2002.

Claimant signed the Uniform Submission Agreement: March 5, 2001.

Joint Statement of Answer filed by Respondents Gruntal and Burgos on or about: August 27, 2001.

Respondent Gruntal signed the Uniform Submission Agreement: August 28, 2001.

Respondent Burgos signed the Uniform Submission Agreement: August 28, 2001.

Statement of Answer filed by GMS on or about: October 1, 2002.

Respondent GMS did not sign the Uniform Submission Agreement.

Respondent Ryan Beck did not file a Statement of Answer or sign the Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract and warranties, promissory estoppel; violation of consumer protection, deceptive trade and unfair business acts; violation of the Federal Securities Exchange Act; violation of state securities statutes; breach of fiduciary duty; negligence; and misrepresentation. The causes of action relate to unspecified securities.

Unless specifically admitted in their Answer, Respondents Gruntal and Burgos denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

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

RELIEF REQUESTED

Claimant requested compensatory damages between \$1,000,000.00 and \$3,000,000.00; interest; costs; punitive damages; attorneys' fees; and any and all other relief available to Claimant.

Respondents Gruntal and Burgos requested that Claimant's Statement of Claim be dismissed with prejudice; costs; that all references to this claim be expunged from Respondents' CRD records; and such other relief be awarded as is just and equitable.

Respondent GMS requested that Claimant's Amended Statement of Claim be dismissed with prejudice; and costs and fees, including attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondent Ryan Beck has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondents GMS did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, is bound by the determination of the Panel on all issues submitted.

On or about October 29, 2002, Gruntal filed for bankruptcy under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. Therefore, all claims against Gruntal are stayed.

Respondent GMS made a motion to dismiss. On or about November 4, 2002, the Panel determined to grant its motion to dismiss.

NASD Dispute Resolution ("NASD DR") has been unable to reschedule this matter since the cancellation of the pre-hearing conference scheduled for May 23, 2003. Several attempts were made to contact Claimant's counsel asking him to advise NASD DR as to the status of this matter. To date, NASD DR has not received a response and the Panel has determined to dismiss this matter without prejudice.

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, and Claimant's failure to prosecute, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims are dismissed in their entirety without prejudice.
2. Any and all relief not specifically addressed herein, including punitive damages, is denied without prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial 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 that employed the associated person at the time of the events giving rise to the dispute. Accordingly, The GMS Group, L.L.C. and Ryan, Beck & Co., L.L.C. are parties.

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

July 17-19, 30-31, 2002, adjournment by Gruntal	= Waived
---	----------

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 @ \$450.00	= \$ 450.00
---	-------------

Pre-hearing conference: April 16, 2002 1 session

Five (5) Pre-hearing sessions with Panel @ \$1,200.00 = \$6,000.00

Pre-hearing conferences: March 19, 2002 1 session
August 22, 2002 1 session
October 7, 2002 1 session
December 2, 2002 1 session
March 11, 2003 1 session

Total Forum Fees = \$6,450.00

1. The Panel has assessed \$1,612.50 of the forum fees against Claimant.
2. The Panel has assessed \$1,612.50 of the forum fees against Respondent Burgos.
3. The Panel has assessed \$1,612.50 of the forum fees against Respondent Ryan Beck.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 500.00
<u>Forum Fees</u>	<u>= \$1,612.50</u>
Total Fees	= \$2,111.50
<u>Less payments</u>	<u>= \$1,700.00</u>
Balance Due NASD Dispute Resolution	= \$ 412.00

2. Respondent GMS is solely liable for:

<u>Member Fees</u>	<u>= \$7,600.00</u>
Total Fees	= \$7,600.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$7,600.00

3. Respondent Burgos is solely liable for:

<u>Forum Fees</u>	<u>= \$1,612.50</u>
Total Fees	= \$1,612.50
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$1,612.50

4. Respondent Ryan Beck is solely liable for:

Member Fees	= \$7,600.00
<u>Forum Fees</u>	<u>= \$1,612.50</u>
Total Fees	= \$9,212.50
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$9,212.50

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

ARBITRATION PANEL

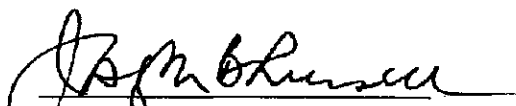
Stephanie Michelle Whidden	-	Public Arbitrator, Presiding Chairperson
Joseph B. Russell, Esq.	-	Public Arbitrator
Alfonso G. Figliolia	-	Non-Public Arbitrator

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.

Stephanie Michelle Whidden
Public Arbitrator, Presiding Chairperson

Signature Date



Joseph B. Russell, Esq.
Public Arbitrator

4 June 2005

Signature Date

Alfonso G. Figliolia
Non-Public Arbitrator

Signature Date

June 16, 2005

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Stephanie Michelle Whidden	-	Public Arbitrator, Presiding Chairperson
Joseph B. Russell, Esq.	-	Public Arbitrator
Alfonso G. Figliolia	-	Non-Public 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.

Stephanie Michelle Whidden
Public Arbitrator, Presiding Chairperson

Signature Date

Joseph B. Russell, Esq.
Public Arbitrator

Signature Date

Al Figliolia
Alfonso G. Figliolia
Non-Public Arbitrator

6/7/05
Signature Date

June 16, 2005
Date of Service (For NASD Dispute Resolution use only)