

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Laura S. Novosad

and

01-02965
Denver, Colorado

Name of Respondents

Rocky A. Ghoneim,
Block Trading, Inc.,
Protrader Securities Corporation f/k/a
Cornerstone Securities Corporation,
Insight Securities & Trading, Inc.,
Bryan C. Babcock, and
Joseph P. Galichia

REPRESENTATION OF PARTIES

Laura A. Novosad ("**Claimant**") was represented by Alan Friedberg, Esq., of Pendleton, Friedberg, Wilson & Hannessy, Denver, Colorado.

Rocky A. Ghoneim ("**Ghoneim**") was represented by Paula M. Ray, Esq., of Ray & Westfall LLC, Denver, Colorado.

Block Trading, Inc. ("**Block**") did not show at the hearing.

Protrader Securities Corporation f/k/a Cornerstone Securities Corporation ("**Protrader**") was represented by Penn C. Huston, Esq., of King & Spalding of Houston, Texas.

Insight Securities & Trading, Inc. ("**Insight**"), Bryan C. Babcock ("**Babcock**") and Joseph P. Galichia ("**Galichia**") were represented by Andrew E. Shoemaker, Esq. of Hogan & Hartson, L.L.P., Denver, Colorado.

CASE INFORMATION

The Statement of Claim was filed on or about 6/5/2001. Submission Agreement of Claimant Laura S. Novosad was signed on or about 5/31/2001.

Statement of Answer was filed by Respondent Rocky A. Ghoneim on or about 7/30/2001. Submission Agreement of Respondent Rocky A. Ghoneim was signed on or about 7/26/2001.

Statement of Answer and Counterclaim of Respondent Protrader was filed on or about 8/13/2001. Submission Agreement of Protrader was signed on or about 8/13/2001.

Statement of Answer of Respondent Insight and Respondent Galichia was filed on or about 7/30/2002. Submission Agreement of Respondent Insight was signed on or about 7/30/2002 by Andrew E. Shoemaker, Esq., of Hogan & Hartson, L.L.P., Denver, Colorado.

Statement of Answer was filed by Respondent Bryan C. Babcock on or about 8/10/2002. Submission Agreement of Respondent Bryan C. Babcock was signed on or about 10/19/2001.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty, failure to supervise, violation of Colorado Securities Act, fraud, negligent misrepresentation, omission of facts and suitability.

Respondent Ghoneim denied the allegations set forth in the Statement of Claim and asserted the following defenses including: Claimant fails to state a claim upon which relief may be granted; Claimant's Claims should be barred or reduced because of her own comparative negligence and Claimant has failed to join a real party in interest.

Respondent Protrader Securities also denied the allegations set forth in the Statement of Claim and asserted defenses including the following: Protrader was not a successor to Insight; Protrader and is not responsible under the doctrine of respondent superior.

Respondents Insight, Galichia and Babcock denied the allegations set forth in the Statement of Claim and asserted the following defenses: Claimant fails to state a claim upon which relief may be granted; Claimant's claims should be barred or reduced because of her own comparative negligence; Claimant's losses were caused by an experienced trader, Jerome Novosad, who at the time was the spouse of Claimant and had authority over his and Claimant's account and Claimant's claims are barred, in whole or in part by the doctrines of waiver, estoppel, laches and unclean hands

RELIEF REQUESTED

Claimant requested an award in the amount of \$213,780 in actual damages, plus exemplary damages, interest, attorney's fees, costs, and such other and further relief as the arbitrators deem proper.

Respondent Ghoneim requested that the claims asserted against him be denied in their entirety and that they be awarded their costs and attorneys' fees and other relief as is equitable in the premises.

Respondent Insight and Galichia requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees and other relief as is equitable in the premises.

Respondent Protrader requested that the claims asserted against it be denied in their entirety and that they be awarded their costs and attorneys' fees and other relief as is equitable in the premises. Protrader filed a counterclaim seeking unspecified damages for the filing of a frivolous and/or abusive lawsuit.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Joseph P. Galichia did not file with the NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim is bound by the determination of the arbitration panel on all issues submitted.

Protrader Securities Corporation voluntarily dismissed its Counterclaim against Claimant Novosad on or about 11/28/2001.

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Block had been properly served with the Statement of Claim pursuant to Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Block had received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

Respondent Block did not file with the NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") is bound by the determination of the arbitration panel on all issues submitted.

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution, Inc. (the "NASD").

AWARD

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

1. Claimant's claims, each and all, are hereby dismissed in their entirety;
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief including punitive and/or exemplary damages, by any party hereto are denied with prejudice;
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain the non-refundable filing fees for each claim:

Initial claim filing fee	= \$300
Counter claim filing fee	= \$500

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firms are Protrader Securities and Insight Securities & Trading, Inc.

Member surcharge	= \$1500
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$2500

Adjournment Fees

Adjournments requested during these proceedings:

Hearing Dates, 2/26/2002 – 2/2/2002 Adjournment requested by Claimant = \$1,125

Forum Fees and Assessments

The Arbitration 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 hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with Panel x \$1,125			= \$2,250
Pre-hearing Conferences:	11/8/2001	1 session	
	2/25/2002	1 session	
Six (6) Hearing sessions x \$1,125			= \$6,750
Hearing Dates:	4/29/2002	2 sessions	
	4/30/2002	2 sessions	
	5/1/2002	2 sessions	
<u>Total Forum Fees</u>			<u>= \$9,000</u>

The Arbitration Panel has assessed \$3,000 of the forum fees to Laura A. Novosad.

The Arbitration Panel has assessed \$3,000 of the forum fees to Rocky A. Ghoneim.

The Arbitration Panel has assessed \$3,000 of the forum fees jointly and severally to Joseph P. Galichia, Insight Securities & Trading, Inc., and Bryan C. Babcock.

Fee Summary

Claimant, Laura A. Novosad, shall be and hereby is liable for:

Initial Filing Fee	= \$ 300
Adjournment Fee	= \$ 1,125
Forum Fees	= \$ 3,000
Total Fees	= \$ 4,425
<u>Less payments</u>	<u>= \$ 1,425</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 3,000

Respondent, Rocky A. Ghoneim, shall be and hereby is liable for:

<u>Forum Fees</u>	<u>= \$ 3,000</u>
Total Fees	= \$ 3,000
<u>Less payments</u>	<u>= \$ 00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 3,000

Respondent, Protrader Securities Corporation shall be and hereby is liable for:

Counterclaim Filing Fee	= \$ 500
Member Fees	= \$ 4,600
Total Fees	= \$ 5,100
<u>Less payments</u>	<u>= \$ 1,500</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 3,600

Respondent, Insight Securities & Trading shall be and hereby is liable for:

Member Fees	= \$ 4,600
<u>Less payments</u>	<u>= \$ 2,500</u>
Balance Due NASD Dispute Resolution, Inc.	\$ 2,100

Respondents, Joseph P. Galichia, Insight Securities & Trading, Inc. , and Bryan C. Babcock, shall be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$ 3,000</u>
Total Fees	= \$ 3,000
<u>Less payments</u>	<u>= \$ 0</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 3,000

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

David Butler, Esq. - Public Arbitrator, Presiding Chair
Gerald Raskin, Esq. - Public Arbitrator
Kenneth R. Von der Heiden - Non-Public Arbitrator

Concurring Arbitrators:

David Butler, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Gerald Raskin, Esq.
Public Arbitrator

Signature Date

Kenneth R. Von der Heiden
Non-Public Arbitrator

Signature Date

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Gerald Raskin, Esq. - Public Arbitrator
Kenneth R. Von der Heiden - Non-Public Arbitrator

Concurring Arbitrators:

David Butler
David Butler, Esq.
Public Arbitrator, Presiding Chair

June 11, 2002
Signature Date

Gerald Raskin, Esq.
Gerald Raskin, Esq.
Public Arbitrator

Signature Date

Kenneth R. Von der Heiden
Kenneth R. Von der Heiden
Non-Public Arbitrator

Signature Date

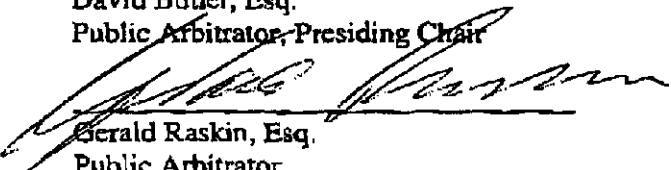
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Kenneth R. Von der Heiden - Non-Public Arbitrator

Concurring Arbitrators:

David Butler, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Gerald Raskin, Esq.
Public Arbitrator

JUNE 11, 2002
Signature Date

Kenneth R. Von der Heiden
Non-Public Arbitrator

Signature Date

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Gerald Raskin, Esq. - Public Arbitrator
Kenneth R. Von der Heiden - Non-Public Arbitrator

Concurring Arbitrators:

David Butler, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Gerald Raskin, Esq.
Public Arbitrator

Signature Date

Kenneth R. Von der Heiden
Non-Public Arbitrator

Signature Date *June 11, 2002*

K. R. Von der Heiden