

**Award
NASD**

In the Matter of the Arbitration Between:

Names of the Claimants

John M. Lyon III and Carla F. Lyon
as Trustees of the John M. Lyon III
and Carla F. Lyon Living Trust

Case Number: 01-03120

Names of the Respondents

Jefferson Pilot Securities Corp.
Stanley Rosenthal

Hearing Site: Boca Raton, Florida

REPRESENTATION OF PARTIES

For John M. Lyon III and Carla F. Lyon as Trustees of the John M. Lyon III and Carla F. Lyon Living Trust ("Lyon Trust"), hereinafter referred to as "Claimants": Stephen D. Spivey, Esq., Ocala, Florida.

For Respondent Jefferson Pilot Securities Corp. ("JPS"): Jason S. Haselkorn, Esq., Boose Casey Ciklin Lubitz Martens McBane & O'Connell, West Palm Beach, Florida.

For Respondent Stanley Rosenthal ("Rosenthal"): Cheryl J. Lister, Esq. and Thomas A. Lash, Esq., Salem Saxon, P.A., Tampa, Florida until their withdrawal as counsel on May 29, 2002. Thereafter, Respondent Rosenthal appeared pro se.

CASE INFORMATION

Statements of Claim filed on or about: July 9, 2001.

Claimants signed the Uniform Submission Agreement: July 5, 2001.

Statement of Answer filed by Respondent JPS on or about: October 8, 2001.

Respondent JPS signed the Uniform Submission Agreement: September 25, 2001.

Statement of Answer filed by Respondent Rosenthal on or about: October 5, 2001.

Respondent Rosenthal signed the Uniform Submission Agreement: September 24, 2001.

CASE SUMMARY

Claimants asserted the following: 1) Respondent JPS failed to properly supervise Respondent Rosenthal; 2) Respondent Rosenthal was negligent; 3) Respondent Rosenthal failed to disclose a conflict of interest to Claimants; 4) Respondent Rosenthal breached his fiduciary duty to Claimants; 5) Respondent Rosenthal made an unsuitable recommendation to Claimants; 6) Respondent Rosenthal omitted material facts regarding Claimants' investment; and 7) Respondent Rosenthal's acts constituted conversion. At the evidentiary hearing, the arbitrators permitted additional assertions as follows: 8) Respondent Rosenthal recommended investments in unregistered securities; and 9) Respondent Rosenthal's actions constituted

violations of Florida Statutes Section 517.07 and 517.211. The causes of action relate to Claimants' investment in Evergreen Security, LTD., an off shore trust.

Unless specifically admitted in their Answers, Respondents JPS and Rosenthal denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimants requested compensatory damages of \$157,320.96, plus punitive damages of \$150,000.00, attorney's fees and the costs of this proceeding.

Respondent JPS requested that all claims against it be dismissed.

Respondent Rosenthal requested that all claims against him be dismissed.

OTHER ISSUES CONSIDERED AND DECIDED

On or about May 21, 2002, Claimants informed NASD that all claims against Respondent JPS were dismissed, with prejudice.

On April 19, 2002, Claimants filed with NASD a Motion for Summary Judgment and Supporting Memorandum of Law to which Respondent Rosenthal responded on May 9, 2002. On May 22, 2002, Respondent Rosenthal filed with NASD his Cross Motion for Summary Judgment. The undersigned arbitrators (the "Panel") denied both Motions for Summary Judgment during the evidentiary hearing.

Claimants' ore tenus motion to amend the Statement of Claim to include additional causes of action for an investment in unregistered securities and violations of Florida Statutes Sections 517.07 and 517.211 was granted at the evidentiary hearing in this matter.

The parties have agreed that the Award in this matter may be executed in counterpart copies.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Rosenthal is liable and shall pay to Claimants the sum of \$58,000.00 as compensatory damages. Damages are awarded as a result of Respondent Rosenthal's unlawful sale of securities pursuant to Florida Statutes Section 517.07 and 517.211.
2. After payment in full of all damages and fees, Claimants shall assign any recovery Claimants receive in the Evergreen bankruptcy case to Respondent Rosenthal in an amount equal to the amount paid by Respondent Rosenthal to

Claimants in satisfaction of this Award.

3. Respondent Rosenthal is liable and shall pay to Claimants attorney's fees in such amount as is determined by a court of competent jurisdiction. Attorney's fees are awarded pursuant to Florida Statutes Sections 517.07 and 517.211.
4. Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (the "Code"), the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$300.00
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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, Jefferson Pilot Securities Corp. was a party until their dismissal from this proceeding on or about May 21, 2002.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Adjournment Fees

No adjournments were granted during these proceedings for which fees were assessed.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

No injunctive relief fees were incurred during this proceeding.

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 26, 2002 1 session	

One (1) Pre-hearing session with Panel @ \$1,125.00 = \$1,125.00
Pre-hearing conference: January 22, 2002 1 session

Four (2) Hearing sessions @ \$1,125.00 = \$4,500.00
Hearing Dates: June 4, 2002 2 sessions
June 5, 2002 2 sessions

Total Forum Fees = \$6,075.00

1. The Panel has assessed \$3,037.50 of the forum fees jointly and severally to Claimants.
2. The Panel has assessed \$3,037.50 of the forum fees to Respondent Rosenthal.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative fees were incurred during this proceeding.

Fee Summary

1. Claimants are jointly and severally liable for:
Initial Filing Fee = \$ 300.00
Forum Fees = \$3,037.50
Total Fees = \$3,337.50
Less payments = \$1,425.00
Balance Due NASD = \$1,912.50
2. Respondent JPS is solely liable for:
Member Fees = \$4,600.00
Total Fees = \$4,600.00
Less payments = \$4,600.00
Balance Due NASD = \$ 0.00
3. Respondent Rosenthal is solely liable for:
Forum Fees = \$3,037.50
Total Fees = \$3,037.50
Less payments = \$ 0.00
Balance Due NASD = \$3,037.50

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

ARBITRATION PANEL

<i>Jose M. de la O, Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>John F. Morack, Ph.D</i>	-	<i>Public Arbitrator</i>
<i>Richard F. Lang</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

/s/
Jose M. de la O, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

/s/
John F. Morack, Ph.D
Public Arbitrator

Signature Date

/s/
Richard F. Lang
Non-Public Arbitrator

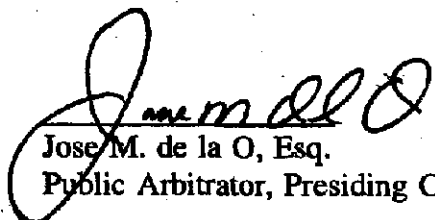
Signature Date

October 10, 2002
Date of Service (For NASD office use only)

ARBITRATION PANEL

<i>Jose M. de la O, Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
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<i>Richard F. Lang</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures


Jose M. de la O, Esq.
Public Arbitrator, Presiding Chairperson

10-9-02
Signature Date

John F. Morack, Ph.D
Public Arbitrator

Signature Date

Richard F. Lang
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)


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Public Arbitrator, Presiding Chairperson

Signature Date



John F. Morack, Ph.D
Public Arbitrator



Signature Date

Richard F. Lang
Non-Public Arbitrator

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Public Arbitrator
Non-Public Arbitrator

Signature Date

Signature Date

10/10/02
Signature Date

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