

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of Claimant:

Todd Kaufman

vs.

Case Number: 02-04999

Hearing Site: Houston, Texas

Names of Respondents:

Stephens, Inc.,

and Brent Yarbrough

NATURE OF THE CASE

Customer v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Claimant, Todd Kaufman, hereinafter referred to as "Claimant," was represented by Annette M. Henry, Esq., in Houston, Texas.

Respondents, Stephens, Inc. ("Stephens") and Brent Yarbrough ("Yarbrough"), hereinafter collectively referred to as "Respondents," were represented by Janiece Longoria, of Ogden, Gibson, White, Broocks & Longoria, Esq., L.L.P., in Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about August 23, 2002.

The Submission Agreement was signed by Claimant on or about April 9, 2002.

Statement of Answer was filed by Respondents, Stephens, Inc. and Brent Yarbrough, on or about November 13, 2002.

Respondents have not signed the Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract, breach of warranties, promissory estoppel, misrepresentation, violations of the Deceptive Trade

Practices Act, violations of the Federal Securities Exchange Act, violations of the rules of the NASD and SEC, violations of the Texas Securities Act, violations of the Texas Fraud Statute, and common law claims for intentional and negligent misrepresentation, unjust enrichment, breach of fiduciary duty, negligence, gross negligence, reckless disregard, and respondent superior. Claimant further alleged that Respondents acted in concert and conspired to accomplish the alleged acts.

Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a claim for which relief can be granted; statute of limitations; the doctrines of ratification, estoppel, waiver, and laches; neither a registered representative nor a broker-dealer is a guarantor of the results or profitability of transactions in a customer's account; damages did not arise from the actions of Respondents; Claimant controlled his own accounts, exercised independent decision making authority over his accounts, and had sole responsibility for any losses attributed to his investment decisions; the DTPA does not apply to Claimant's claims; failure to state a claim for breach of fiduciary duty; Claimant's damages, if any, were caused by unforeseeable market factors and conditions affecting the value of the securities in Claimant's accounts; Claimant failed to mitigate his damages; Claimant made various representations upon which Respondents relied; Stephens maintained an adequate and reasonable system of supervision, followed adequate and reasonable compliance procedures, and acted in good faith; Respondents did not engage in conduct that would justify an award of compensatory damages under any theory of relief; and Claimant either knew of the untruth or omission complained of, or alternatively, Respondents did not know, and in the exercise of reasonable care could not have known, of the untruth or omission complained of.

RELIEF REQUESTED

In the Statement of Claim, Claimant Todd Kaufman requested:

| | |
|-----------------------|-------------|
| Compensatory/Actual | \$500,000 |
| Punitive/Exemplary | Unspecified |
| Interest | Unspecified |
| Other Costs | Unspecified |
| Attorneys' Fees | Unspecified |
| Other Monetary Relief | Unspecified |

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs, attorneys' fees and an expungement.

OTHER ISSUES CONSIDERED AND DECIDED

This case settled and Claimant Todd Kaufman and Respondents Stephens, Inc. and

Brent Yarbrough have executed a Settlement Agreement and Release.

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 NASD Dispute Resolution ("NASD").

STIPLUATED AWARD

Pursuant to the parties' agreement, and after considering the parties' submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows

1. Claimant's claims against Respondents, Stephens, Inc. and Brent Yarbrough, are hereby dismissed with prejudice;
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Brent W. Yarbrough's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Yarbrough must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
4. Any and all relief not specifically addressed herein is denied with 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 | = \$ 300 |
|--------------------------|----------|

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. Stephens, Inc. is a member firm.

| | |
|-------------------------|-----------|
| Member surcharge | = \$ 1700 |
| Pre-hearing process fee | = \$ 750 |
| Hearing process fee | = \$ 2750 |

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 Panel @ \$1125 = \$ 1125

Pre-hearing conference: June 9, 2003

Total Forum Fees = \$ 1125

The Panel has assessed \$ 562.50 forum fees to Claimant.

The Panel has assessed \$ 562.50 forum fees to Respondent, Stephens, Inc.

FEE SUMMARY

Claimant is liable for:

| | |
|----------------------|--------------------|
| Initial Filing Fee | = \$ 300.00 |
| Forum Fees | = \$ 562.50 |
| <u>Total Fees</u> | <u>= \$ 862.50</u> |
| <u>Less payments</u> | <u>= \$1425.00</u> |
| Refund Due | = \$ 562.50 |

Respondent, Stephens, Inc. is liable for:

| | |
|-------------------------------------|--------------------|
| Member Fees | = \$5200.00 |
| <u>Forum Fees</u> | <u>= \$ 562.50</u> |
| <u>Total Fees</u> | <u>= \$5762.50</u> |
| <u>Less payments</u> | <u>= \$5762.50</u> |
| Balance Due NASD Dispute Resolution | = \$ 0.00 |

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

ARBITRATION PANEL

Sharon Jevert Hemphill, Esq. - Public Arbitrator, Presiding Chairperson
Philip I. McConnell, Esq. - Public Arbitrator
Timothy W. Kelley – Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/ Sharon Hemphill
Sharon Jevert Hemphill, Esq.
Public Arbitrator, Presiding Chairperson

June 8, 2004
Signature Date

/s/ Philip I. McConnell, Esq.
Philip I. McConnell, Esq.
Public Arbitrator

June 10, 2004
Signature Date

/s/Timothy W. Kelley
Timothy W. Kelley
Non-Public Arbitrator

June 11, 2004
Signature Date

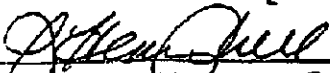
June 16, 2004

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Sharon Jevett Hemphill, Esq. - Public Arbitrator, Presiding Chairperson
Philip I. McConnell, Esq. - Public Arbitrator
Timothy W. Kelley - Non-Public Arbitrator

Concurring Arbitrators' Signatures



Sharon Jevett Hemphill, Esq.
Public Arbitrator, Presiding Chairperson

6-8-04

Signature Date

Philip I. McConnell, Esq.
Public Arbitrator

Signature Date

Timothy W. Kelley
Non-Public Arbitrator

Signature Date

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Timothy W. Kelley - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Sharon Jevett Hemphill, Esq.
Public Arbitrator, Presiding Chairperson

Philip I. McConnell

Philip I. McConnell, Esq.
Public Arbitrator

Signature Date

6-10-04

Signature Date

Timothy W. Kelley
Non-Public Arbitrator

Signature Date

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Signature Date

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Public Arbitrator

Signature Date

Timothy W. Kelley

Timothy W. Kelley
Non-Public Arbitrator

11 JUN 04

Signature Date

Date of Service (For NASD Dispute Resolution use only)