

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Daniel Russo, Individually, and as Trustee for Aegis International, Inc. Profit Sharing Retirement Plan, Daniel D. Russo IRA, Daniel D. Russo c/f Jared D. Russo, Daniel D. Russo c/f Joel R. Russo, and Daniel D. Russo c/f Daniel Russo, Jr. (Claimants) v. Fiserv Securities, Inc., Federal Street Investments, Inc., Salomon Grey Financial Corp., and Roger Blundell (Respondents)

Case Number: 02-06557

Hearing Site: Boston, Massachusetts

Nature of the Dispute: Customers v. Members and Associated Person.

REPRESENTATION OF PARTIES

Claimants Daniel Russo, Individually, ("D. Russo") and as Trustee for Aegis International, Inc. Profit Sharing Retirement Plan ("Aegis"), Daniel D. Russo IRA ("D. Russo IRA"), Daniel D. Russo c/f Jared D. Russo ("D. Russo c/f Jared Russo"), Daniel D. Russo c/f Joel R. Russo ("D. Russo c/f Joel Russo"), and Daniel D. Russo c/f Daniel Russo, Jr. ("D. Russo c/f Daniel Russo") hereinafter collectively referred to as "Claimants": Harry S. Miller, Esq., Perkins, Smith & Cohen, LLP, Boston, MA.

Respondent Fiserv Securities, Inc. ("Fiserv"): Steven D. Plissey, Esq., Sherman & Howard, LLC, Denver, CO.

Respondents Federal Street Investments, Inc. ("Federal Street") and Roger Blundell ("Blundell"): Roger J. Blundell, Federal Street Investments, Inc., Boston, MA.

Respondent Salomon Grey Financial Corp. ("Salomon Grey"): Austin Allen, Esq., Law Offices of Austin Allen, Grand Prairie, TX. Previously represented by: Mark A. Rosen, Esq., Manchel & Brennan, P.C., Newton, MA; Belinda Goss, Esq., Salomon Grey Financial Corp., Dallas, TX.

Fiserv, Federal Street, Blundell, and Salomon Grey are hereinafter collectively referred to as "Respondents".

CASE INFORMATION

Statement of Claim filed on or about: October 30, 2002.

Claimants' Opposition to Fiserv's Request to Dismiss Statement of Claim and Claimants' Opposition to Respondents Federal Street's and Blundell's Motion to Dismiss filed on or about: June 27, 2003.

Claimant D. Russo signed the Uniform Submission Agreement: October 21, 2002.
Claimant Aegis signed the Uniform Submission Agreement: October 21, 2002.
Claimant D. Russo IRA signed the Uniform Submission Agreement: November 14, 2002.
Claimant D. Russo c/f Jared Russo signed the Uniform Submission Agreement: November 14, 2002.
Claimant D. Russo c/f Joel Russo signed the Uniform Submission Agreement: November 14, 2002.
Claimant D. Russo c/f Daniel Russo signed the Uniform Submission Agreement: November 14, 2002.

Request to Dismiss Statement of Claim and Answer filed by Respondent Fiserv on or about: January 29, 2003.
Reply Supporting Request to Dismiss Statement of Claim filed by Respondent Fiserv on or about: July 10, 2003.
Respondent Fiserv signed the Uniform Submission Agreement: January 28, 2003.

Joint Statement of Answer filed by Respondents Federal Street and Blundell on or about: February 14, 2003.
Rebuttal to Claimants' Response to Motion to Dismiss filed by Federal Street and Blundell on or about: July 10, 2003.
Respondent Federal Street signed the Uniform Submission Agreement: February 18, 2003.
Respondent Blundell signed the Uniform Submission Agreement: February 14, 2003.

Statement of Answer filed by Respondent Salomon Grey on or about: February 3, 2003.
Respondent Salomon Grey did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: unauthorized margin and option trading; unsuitable trading; failure to follow instructions; churning; breach of contract; breach of the covenant of good faith and fair dealing; breach of fiduciary duty; breach of a broker's duty of reasonable care; breach of a brokerage's duty to supervise and ensure compliance; negligent and intentional misrepresentation; fraud and deceit; negligence; violation of the Uniform Securities Act 410(b) and M.G.L. 110A(b); violations of state and federal securities laws; violations of state consumer protection laws; and violation of industry rules. Claimants' claim involved various types of unspecified common stock, mutual funds, and options.

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

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

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

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$661,948.00; interest through the date of arbitration; costs; expenses and attorneys' fees; punitive damages; and other relief that the Panel may deem just and proper.

Respondent Fiserv requested that the claims against it be denied, and that it be awarded attorneys' fees, expert witness fees, and costs pursuant to its agreements with Claimant, and that other relief be granted as the Panel deems appropriate.

Respondents Federal Street and Blundell requested that the Arbitrators dismiss all claims against them and assess all NASD fees against Claimants.

Respondent Salomon Grey requested that the Arbitrators dismiss all claims against it and assess all NASD arbitration related fees against the Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Salomon Grey 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, and appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

On or about June 24, 2004, NASD Dispute Resolution was notified that Claimants settled their claims with Respondents Fiserv, Federal Street, and Blundell.

On or about July 21, 2004, Respondent Salomon Grey filed with NASD Dispute Resolution a Motion to Reopen Testimony for the Purpose of Filing a Post-hearing Brief. After due consideration, the Panel denied the Motion.

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 the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination

as follows:

1. Respondent Salomon Grey is liable for and shall pay to Claimant D. Russo compensatory damages in the amount of \$100,000.00.
2. Respondent Salomon Grey is liable for and shall pay to Claimant D. Russo IRA compensatory damages in the amount of \$50,000.00.
3. Respondent Salomon Grey is liable for and shall pay to Claimant D. Russo attorneys' fees in the amount of \$50,000.00 pursuant to page 27 of Claimants' Statement of Claim, 9 U.S.C. § 1 et seq.; Raytheon Co. v. Automated Business Sys., Inc. 882 F.2d 6 (1st Cir. 1989); Hunt v. Mobil Oil Corp., 654 F. Supp. 1487 (S.D.N.Y. 1987).
4. Any and all relief not specifically addressed herein, including punitive damages, is denied.

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	= \$375.00
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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 firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Fiserv Securities, Inc. is a party.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$4,000.00

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. Accordingly, Federal Street Investments, Inc. is a party.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$4,000.00

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. Accordingly, Salomon Grey Financial Corp. is a party.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00

Hearing process fee = \$4,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

December 2-6, 2003, joint adjournment request = 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:

Four (4) Pre-hearing sessions with Panel @ \$1,200.00 = \$ 4,800.00

Pre-hearing conferences:	June 6, 2003	1 session
	July 25, 2003	1 session
	October 15, 2003	1 session
	February 9, 2004	1 session

Eight (8) Hearing sessions @ \$1,200.00 = \$ 9,600.00

Hearing Dates:	July 7, 2004	2 sessions
	July 8, 2004	2 sessions
	July 9, 2004	2 sessions
	July 12, 2004	2 sessions

Total Forum Fees = \$14,400.00

1. The Panel has assessed \$7,200.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$7,200.00 of the forum fees against Respondent Salomon Grey.

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.

1. Respondent Federal Street requested administrative services = \$15.00

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
<u>Forum Fees</u>	= \$ 7,200.00
Total Fees	= \$ 7,575.00
<u>Less payments</u>	= \$ 1,575.00
Balance Due NASD Dispute Resolution	= \$ 6,000.00

2. Respondent Fiserv is solely liable for:

<u>Member Fees</u>	= \$ 7,000.00
Total Fees	= \$ 7,000.00
<u>Less payments</u>	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent Federal Street is solely liable for:

Member Fees	= \$ 7,000.00
<u>Administrative Costs</u>	= \$ 15.00
Total Fees	= \$ 7,015.00
<u>Less payments</u>	= \$ 4,155.00
Balance Due NASD Dispute Resolution	= \$ 2,860.00

4. Respondent Salomon Grey is solely liable for:

Member Fees	= \$ 7,000.00
<u>Forum Fees</u>	= \$ 7,200.00
Total Fees	= \$14,200.00
<u>Less payments</u>	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 7,200.00

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

ARBITRATION PANEL

Richard D. Jordan - Public Arbitrator, Presiding Chairperson
Maisy D. Margolis - Public Arbitrator
Dennis M. Cronin, Jr., Esq. - Non-Public Arbitrator

Consent of 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 is which is my award.


Richard D. Jordan
Public Arbitrator, Presiding Chairperson

08-18-04
Signature Date


Maisy D. Margolis
Public Arbitrator

Signature Date


Dennis M. Cronin, Jr., Esq.
Non-Public Arbitrator

Signature Date

August 25, 2004

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Richard D. Jordan	-	Public Arbitrator, Presiding Chairperson
Missy D. Margolis	-	Public Arbitrator
Dennis M. Cronin, Jr., Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

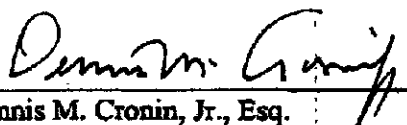
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument in which is my award.

Richard D. Jordan
Public Arbitrator, Presiding Chairperson

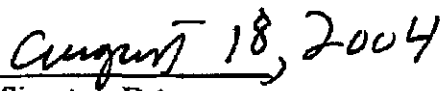
Signature Date

Missy D. Margolis
Public Arbitrator

Signature Date



Dennis M. Cronin, Jr., Esq.
Non-Public Arbitrator



Signature Date

August 25, 2004
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Richard D. Jordan	-	Public Arbitrator, Presiding Chairperson
Missy D. Margolis	-	Public Arbitrator
Dennis M. Cronin, Jr., Esq.	-	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 in which is my award.

Richard D. Jordan
Public Arbitrator, Presiding Chairperson

Signature Date

Missy D. Margolis
Missy D. Margolis
Public Arbitrator

Aug. 15 2004
Signature Date

Dennis M. Cronin, Jr., Esq.
Non-Public Arbitrator

Signature Date

August 25, 2004
Date of Service (For NASD Dispute Resolution use only)