
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of Claimants

Victor F. Trahan, III
Trahan Architects APAC Simple IRA
Trahan Architects APAC SEP IRA

Case Number: 02-07391

Name of Respondent

Stanford Group Company

Hearing Site: New Orleans, Louisiana

Name of Third-Party Respondent

Henry J. Mills

Nature of the Dispute: Customer vs. Member vs. Associated Person.

REPRESENTATION OF PARTIES

For Victor F. Trahan, III ("Trahan"), Trahan Architects APAC Simple IRA ("Simple IRA"), and Trahan Architects APAC SEP IRA ("SEP IRA"), hereinafter collectively referred to as "Claimants": L. Jerome Stanley, Esq., L. Jerome Stanley, P.C., Baton Rouge, Louisiana.

For Respondent Stanford Group Company ("Stanford"): Terry R. Weiss, Esq., Sutherland Asbill & Brennan, LLP, Atlanta, Georgia.

For Third-Party Respondent Henry J. Mills ("Mills"): William R. Forrester, Jr., Esq., Lemle & Kelleher, New Orleans, Louisiana.

CASE INFORMATION

Statement of Claim filed on or about: December 9, 2002.

Claimants signed the Uniform Submission Agreement: November 26, 2002.

Respondent Stanford signed the Uniform Submission Agreement: March 4, 2003.

Answer and Third-Party Claim filed by Respondent Stanford on or about: March 6, 2003.

Third-Party Respondent Mills signed the Uniform Submission Agreement: October 3, 2003.

Answer to Third-Party Claim filed by Third-Party Respondent Mills on or about: October 6, 2003.

Motion to Dismiss With Prejudice and for Expedited Consideration filed by Third-Party Respondent Mills on or about: October 6, 2003.

CASE SUMMARY

Claimants alleged the following causes of action: 1) misstatements of fact; 2) omissions of fact; 3) violation of the Louisiana Securities Act; 4) breach of fiduciary duty; 5) breach of contract; 6) failure to disclose; 7) recklessness; and, 8) gross negligence. The causes of action relate to the purchase and sale of shares of various technology/communications stocks in Claimants' accounts, including but not limited to, ADC Telecommunications, Allscripts, Inc., Advanced Micro Devices, Inc., Amazon.com, Ameritrans Cap. Corp., Applied Materials, Applied Micro Circuits Corp., Apple Computer, Inc, Appnet, and Ariba.

Unless specifically admitted in its Answer, Respondent Stanford denied the allegations made in the Statement of Claim, asserted various defenses, and asserted a Third-Party Claim against Third-Party Respondent Mills for indemnification and contribution.

Unless specifically admitted in his Answer, Third-Party Respondent Mills denied the allegations made in the Third-Party Claim, and asserted various defenses.

RELIEF REQUESTED

Claimants requested the following compensatory damages: 1) \$1,000,050.17 in Claimant Trahan's account; 2) \$23,033.64 in Claimant SEP IRA's account; and 3) \$19,389.95 in Claimant Simple IRA's account. In addition, Claimants requested: 1) an award of interest from the date of purchase to the date of repayment, less any income received; 2) costs of arbitration including filing fees and expert witness' fees; 3) attorneys' fees; and 4) punitive damages in the amount of \$1,000,000.00.

Respondent Stanford requested: 1) denial of all claims in the Statement of Claim; 2) a reduction of recovery sought by Claimants for any losses that were the result of Claimants' failure to mitigate; 3) indemnification and contribution from Third-Party Respondent Mills to the extent the Panel enters an Award in favor of Claimants; and 4) an order that forum fees be borne by Claimants.

Third-Party Respondent Mills requested: 1) dismissal of the Third-Party Claim, with prejudice; and 2) an award of expenses including attorney's fees and costs incurred in the defense of the Third-Party Claim.

OTHER ISSUES CONSIDERED AND DECIDED

On or about October 21, 2003, the parties consented to the dismissal of Respondent Mills, without prejudice.

The parties 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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondent Stanford is liable and shall pay to Claimants: 1) compensatory damages in the sum of \$237,500.00, plus interest, at the Louisiana judicial rate of interest, which shall accrue thirty days after service of the Award until the date of payment of the Award; 2) attorneys' fees in the sum of \$25,000.00, as provided by LA R.S. 51:714; and 3) expert witness costs in the amount of \$16,500.00.

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	=	\$ 500.00
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Third Party Claim Filing fee	=	\$ 2,000.00
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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 event giving rise to the dispute. In this matter, the member firm Stanford Group Company is a party.

Member surcharge:	=	\$ 2,800.00
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Pre-hearing Process Fee:	=	\$ 750.00
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Hearing Process Fee:	=	\$ 5,000.00
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Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which fees were assessed.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

No three-day cancellation fees were incurred in this matter.

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.

There were no injunctive relief fees assessed during these proceedings.

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 per session	= \$ 450.00
Pre-hearing conference: December 18, 2003 1 session	
One (1) Pre-hearing session with Panel @ \$1,200.00 per session	= \$1,200.00
Pre-hearing conference: October 8, 2003 1 session	
Eight (8) Hearing sessions @ \$1,200.00 per session	= \$ 9,600.00
Hearing Dates: November 2, 2004 2 sessions	
November 3, 2004 3 sessions	
November 4, 2004 2 sessions	
November 5, 2004 1 session	

Total Forum Fees	= \$11,250.00
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The Panel has assessed \$5,625.00, jointly and severally to Claimants.

The Panel has assessed \$5,625.00 to Respondent Stanford.

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 costs were incurred in this matter.

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Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 5,625.00
Total Fees	= \$ 6,125.00
Less payments	= \$ 1,700.00
Balance Due NASD Dispute Resolution	= \$ 4,425.00

Respondent Stanford is solely liable for:

Third Party Claim Filing fee	= \$ 2,000.00
Member Fees	= \$ 8,550.00
Forum Fees	= \$ 5,625.00
Total Fees	= \$ 16,175.00
Less payments	= \$ 11,750.00
Balance Due NASD Dispute Resolution	= \$ 4,425.00

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

ARBITRATION PANEL

Louis L. Plotkin	-	Public Arbitrator, Presiding Chairperson
Kendall Hill	-	Public Arbitrator
Dale A. Kaliszeski	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Louis L. Plotkin
Public Arbitrator, Presiding Chairperson

11/17/04
Signature Date

/s/
Kendall P. Hill
Public Arbitrator

11/16/04
Signature Date

/s/
Dale A. Kaliszeski
Non-Public Arbitrator

11/15/04
Signature Date

11/18/04
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

Arbitration No. 02-07391

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Public Arbitrator, Presiding Chairperson

11/17/04

Signature Date

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Public Arbitrator

Signature Date

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