

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Dr. Steven L. Morand and Gig Klein Morand (Claimants) v. First Montauk Securities Corp.,
Montauk Financial Group, Robert I. Rabinowitz, Michael Strasser, and Scott Flynn
(Respondents)

Case Number: 02-07808

Hearing Site: New York, New York

Nature of the Dispute: Customers v. Member, Non-Member, and Associated Persons.

REPRESENTATION OF PARTIES

Claimants Dr. Steven L. Morand ("S. Morand") and Gig Klein Morand ("G. Morand")
hereinafter collectively referred to as "Claimants": George M. Gavalas, Esq., George M. Gavalas,
P.C., Mineola, NY.

Respondents First Montauk Securities Corp. ("First Montauk"), Montauk Financial Group
("Montauk Financial"), Robert I. Rabinowitz ("Rabinowitz"), and Michael Strasser ("Strasser")
hereinafter collectively referred to as "Respondents": James W. Weller, Esq., Nixon Peabody,
LLP, Garden City, NY.

Respondent Scott Flynn ("Flynn") did not enter an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: December 23, 2002.

Claimants signed the Uniform Submission Agreement: November 15, 2002.

Joint Statement of Answer filed by Respondents on or about: May 12, 2002.

Respondent First Montauk signed the Uniform Submission Agreement: April 10, 2003.

Respondent Rabinowitz signed the Uniform Submission Agreement: June 4, 2003.

Respondent Strasser signed the Uniform Submission Agreement: June 4, 2003.

Respondent Montauk Financial did not sign the Uniform Submission Agreement.

Respondent Flynn did not file a Statement of Answer or sign the Uniform Submission
Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: breach of third party beneficiary contract; violation of NASD rules; breach of implied covenant; common law fraud and deceit; common law negligence; and breach of fiduciary duty. The causes of action relate to Worth County Illinois Nursing Home Bonds, Jeremy's Micro Batch, and Strong Funds.

Unless specifically admitted in their Answer, Respondents denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$800,000.00; punitive damages; interest; attorneys' fees and expenses; costs and disbursements; and such other and further relief as is just and proper.

Respondents requested that the claims against them be dismissed, or in the alternative denied in their entirety; all forum fees be awarded against Claimants; costs; that the complaints of Claimants be expunged from the CRD record of the Respondents; and such other and further relief as the Panel deems just and proper under the circumstances.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Montauk Financial 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, is bound by the determination of the Panel on all issues submitted.

On or about January 18, 2005, NASD Dispute Resolution was notified that the parties settled this matter.

Claimants withdrew their claims against Respondent Flynn without prejudice.

On or about February 11, 2005, the parties submitted a Stipulation and Notice of Dismissal as to Individual Respondents Robert I. Rabinowitz and Michael Strasser.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Robert I. Rabinowitz'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 Robert I. Rabinowitz must obtain confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Michael Strasser'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 Michael Strasser must obtain confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.
3. 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 firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, First Montauk Securities Corp. is a party.

Member Surcharge	= \$2,250.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$4,000.00</u>
Total Member Fees	= \$7,000.00

Adjournment Fees

The following adjournment fees are assessed:

February 3-4, 24-25, 2004, adjournment by Respondents	= Waived
May 18-21, 2004, adjournment requested by Claimants	= \$1,200.00
October 12-15, 2004, adjournment requested by Claimants	= Waived

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:

October 12-15, 2004 adjournment by Claimants = Waived

Forum Fees and Assessments

The 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 (4) hours or less. Forum fees associated with these proceedings are:

Three (3) Pre-hearing conference sessions with the Panel @ \$1,200.00/session = \$3,600.00

Pre-hearing conferences:	August 13, 2003	1 session
	February 4, 2004	1 session
	November 9, 2004	1 session

One (1) Hearing session @ \$1,200.00/session = \$1,200.00

Hearing:	January 18, 2005	1 session
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Total Forum Fees = \$4,800.00

1. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Claimants have jointly and severally been assessed \$960.00 of the forum fees.
2. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Respondent First Montauk has been assessed \$960.00 of the forum fees.
3. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Respondent Montauk Financial has been assessed \$960.00 of the forum fees.
4. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Respondent Rabinowitz has been assessed \$960.00 of the forum fees.
5. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Respondent Strasser has been assessed \$960.00 of the forum fees.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Adjournment Fee	= \$1,200.00
<u>Forum Fees</u>	<u>= \$ 960.00</u>
Total Fees	= \$2,535.00
<u>Less payments</u>	<u>= \$1,575.00</u>
Balance Due NASD Dispute Resolution	= \$ 960.00

2. Respondent First Montauk is solely liable for:

Member Fees	= \$7,000.00
<u>Forum Fees</u>	= \$ 960.00
Total Fees	= \$7,960.00
<u>Less payments</u>	= \$7,960.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent Montauk Financial is solely liable for:

Forum Fees	= \$ 960.00
Total Fees	= \$ 960.00
<u>Less payments</u>	= \$ 285.00
Balance Due NASD Dispute Resolution	= \$ 675.00

4. Respondent Rabinowitz is solely liable for:

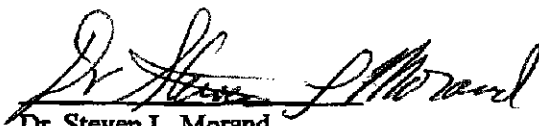
Forum Fees	= \$ 960.00
Total Fees	= \$ 960.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 960.00

5. Respondent Strasser is solely liable for:

Forum Fees	= \$ 960.00
Total Fees	= \$ 960.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 960.00

All balances are due and payable to NASD Dispute Resolution

Parties' Signatures



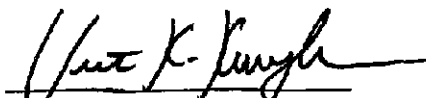
Dr. Steven L. Morand
Claimant

3-28-05
Signature Date



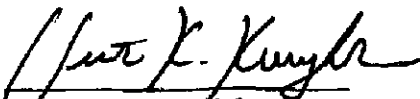
Gig Klein Morand
Claimant

3-28-05
Signature Date



First Montauk Securities Corp.
Respondent

3/21/05
Signature Date



Montauk Financial Group
Respondent

3/21/05
Signature Date



Robert L. Rabinowitz
Respondent

3/21/05
Signature Date



Michael Strasser
Respondent

3/21/05
Signature Date

ARBITRATION PANEL

Peter A. Goldman, Esq.	-	Public Arbitrator, Presiding Chair
Roger L. Crossland, Esq.	-	Public Arbitrator
Kevin M. Kelly	-	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.

Peter A. Goldman, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Roger L. Crossland, Esq.
Public Arbitrator

Signature Date



Kevin M. Kelly
Non-Public Arbitrator



Signature Date

April 29, 2005
Date of Service (For NASD office use only)

ARBITRATION PANEL

Peter A. Goldman, Esq.	-	Public Arbitrator, Presiding Chair
Roger L. Crossland, Esq.	-	Public Arbitrator
Kevin M. Kelly	-	Non-Public Arbitrator

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Peter A. Goldman, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Roger L. Crossland, Esq.
Public Arbitrator

4/25/05

Signature Date

Kevin M. Kelly
Non-Public Arbitrator

Signature Date

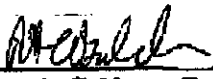
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ARBITRATION PANEL

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Roger L. Crossland, Esq.	-	Public Arbitrator
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Peter A. Goldman, Esq.
Public Arbitrator, Presiding Chair

April 20 2005

Signature Date

Roger L. Crossland, Esq.
Public Arbitrator

Signature Date

Kevin M. Kelly
Non-Public Arbitrator

Signature Date

April 29, 2005

Date of Service (For NASD office use only)