

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Michael Trani and Carmela Trani JTWROS and Michael Trani IRA (Claimants) v. Blackford Securities Corp., Sanders Morris Harris, Inc., Neil Lauro, and Frank Palumbo (Respondents)

Case Number: 03-02213

Hearing Site: New York, New York

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

REPRESENTATION OF PARTIES

Claimants Michael Trani and Carmela Trani ("Trani JTWROS") and Michael Trani IRA ("Trani IRA") hereinafter collectively referred to as "Claimants": Robin E. Nackman, Esq., Smithtown, NY.

Respondents Blackford Securities Corp. ("Blackford"), Sanders Morris Harris, Inc. ("Sanders"), Neil Lauro ("Lauro"), and Frank Palumbo ("Palumbo") hereinafter collectively referred to as "Respondents": Jack D. Ballard, Esq., The Ballard Law Firm, Houston, TX.

CASE INFORMATION

Statement of Claim filed on or about: March 20, 2003.

Claimants signed the Uniform Submission Agreement: March 14, 2003.

Joint Statement of Answer filed by Respondents on or about: May 20, 2003.

Sanders signed the Uniform Submission Agreement: June 23, 2003.

Lauro signed the Uniform Submission Agreement: July 23, 2003.

Palumbo signed the Uniform Submission Agreement: July 6, 2003.

Blackford did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: respondent superior; breach of fiduciary duty; unsuitability; churning; negligence; negligent supervision; and breach of contract. The causes of action relate to unspecified securities.

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

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$97,500.00, together with interest, the costs of this proceeding, and attorneys' fees.

Respondents requested that all relief requested in the Statement of Claim be denied, that the allegations in the Statement of Claim be dismissed in all respects, that all reported information regarding this case be expunged from the CRD records of Respondents Frank Palumbo and Neil Lauro, that Respondents recover their attorneys' fees and costs of arbitration, and for such further relief that the Arbitration Panel deems just.

OTHER ISSUES CONSIDERED AND DECIDED

According to NASD Central Registration Depository, Blackford merged with Sanders effective August 9, 2000. Blackford did not file a separate Uniform Submission Agreement or Statement of Answer.

On or about April 16, 2004, NASD Dispute Resolution was notified that the parties settled the above-referenced matter and their intention to recommend an expungement of this proceeding from Respondent Lauro and Respondent Palumbo's CRD registration records.

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 Neil Lauro'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 Neil Lauro 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 Frank Palumbo'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 Frank Palumbo must obtain

confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.

3. Each party will pay their own fees.
4. Any and all relief not specifically addressed herein is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$225.00
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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, Sanders Morris Harris, Inc. is a party.

Member Surcharge	= \$1,100.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$1,700.00</u>
Total Member Fees	= \$3,550.00

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:

One (1) Pre-hearing conference session with the Panel @ \$750.00/session	= \$750.00
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Pre-hearing conference: September 3, 2003 1 session	
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Total Forum Fees	= \$750.00
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1. The Panel has assessed \$375.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$375.00 of the forum fees jointly and severally against Respondents.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 225.00
<u>Forum Fees</u>	<u>= \$ 375.00</u>
Total Fees	= \$ 600.00
<u>Less payments</u>	<u>= \$ 975.00</u>
Refund Due to Claimants	= \$ 375.00

2. Sanders is solely liable for:

<u>Member Fees</u>	= \$3,550.00
Total Fees	= \$3,550.00
<u>Less payments</u>	= \$3,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 375.00
Total Fees	= \$ 375.00
<u>Less payments</u>	= \$ 375.00
Balance Due NASD Dispute Resolution	= \$ 0.00

All balances are due and payable to NASD Dispute Resolution

Parties' Signatures

Michael Trani
Claimant

Michael Trani 8-6-04
Signature Date

Carmela Trani
Claimant

Carmela Trani
Signature Date 8/6/04

Blackford Securities Corp.
Respondent

Signature Date

Sanders Morris Harris, Inc.
Respondent

Signature Date

Neil Lauro
Respondent

Signature Date

Frank Palumbo
Respondent

Signature Date

Parties' Signatures

Michael Trani
Claimant

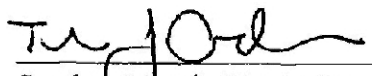
Signature Date

Carmela Trani
Claimant

Signature Date


Blackford Securities Corp.
Respondent

6/18/04
Signature Date


Sanders Morris Harris, Inc.
Respondent

6/18/04
Signature Date

Neil Lauro
Respondent

Signature Date

Frank Palumbo
Respondent

Signature Date

Parties' Signatures

Michael Trani
Claimant

Signature Date

Carmela Trani
Claimant

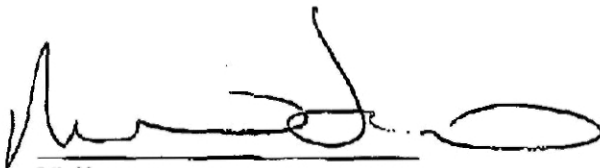
Signature Date

Blackford Securities Corp.
Respondent

Signature Date

Sanders Morris Harris, Inc.
Respondent

Signature Date



Neil Lauro
Respondent

6.17.04
Signature Date

Frank Palumbo
Respondent

Signature Date

Parties' Signatures

Michael Trani
Claimant

Signature Date

Carmela Trani
Claimant

Signature Date

Blackford Securities Corp.
Respondent


Signature Date

Sanders Morris Harris, Inc.
Respondent

Signature Date

Neil Lauro
Respondent

Signature Date



Frank Palumbo
Respondent

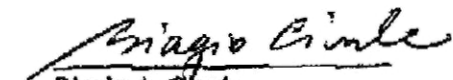
6/22/04
Signature Date

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ARBITRATION PANEL

Biagio A. Civile	-	Public Arbitrator, Presiding Chair
Aaron Tyk, Esq.	-	Public Arbitrator
Earl S. Schwarz		Non-Public Arbitrator

Concurring Arbitrators' Signatures


Biagio A. Civile
Public Arbitrator, Presiding Chair

8/24/2004
Signature Date

Aaron Tyk, Esq.
Public Arbitrator

Signature Date

Earl S. Schwarz
Non-Public Arbitrator

Signature Date

August 30, 2004
Date of Service (For NASD office use only)

ARBITRATION PANEL

Biagio A. Civalo

Aaron Tyk, Esq.

Earl S. Schwarz

Public Arbitrator, Presiding Chair

Public Arbitrator

Non-Public Arbitrator

Concurring Arbitrators' Signatures

Biagio A. Civalo

Public Arbitrator, Presiding Chair

Signature Date



Aaron Tyk, Esq.

Public Arbitrator

8 27 04
Signature Date

Earl S. Schwarz

Non-Public Arbitrator

Signature Date

August 30, 2004

Date of Service (For NASD office use only)

ARBITRATION PANEL

Biagio A. Civalo	-	Public Arbitrator, Presiding Chair
Aaron Tyk, Esq.	-	Public Arbitrator
Earl S. Schwarz	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Biagio A. Civalo
Public Arbitrator, Presiding Chair

Signature Date

Aaron Tyk, Esq.
Public Arbitrator

Signature Date



Earl S. Schwarz
Non-Public Arbitrator

8/30/04
Signature Date

August 30, 2004

Date of Service (For NASD office use only)