

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Edith B. Haines Trust, Paul L. Haines Trust, Baily Rucker as Trustee (Claimants) v. First Montauk Securities Corp. and Lorraine Hartung (Respondents) v. Cape Cod Bank and Trust (Third-Party Respondent)

Case Number: 03-02224

Hearing Site: Boston, Massachusetts.

Nature of the Dispute: Customers v. Member and Associated Person (Initial Claim).
 Member v. Non-Member (Third-Party Claim).

REPRESENTATION OF PARTIES

Claimants Edith B. Haines Trust ("E. Haines Trust") and Paul L. Haines Trust ("P. Haines Trust"), Baily Rucker as Trustee hereinafter collectively referred to as "Claimants": Dan Druz, Esq., Law Offices of Dan Druz, Manasquan, NJ.

Respondent First Montauk Securities Corp ("First Montauk"): Matthew Tracy, Esq. and Luigi Spadafora, Esq., Winget, Spadafora & Schwartzberg, LLP, New York, NY.

Respondent Lorraine Hartung ("Hartung"): Peter J. Biging, Esq., Lewis Brisbois Bisgaard & Smith, LLP, New York, NY, formerly of Nicoletti Hornig Campise Sweeney & Paige, New York, NY.

Third-Party Respondent Cape Cod Bank and Trust ("Cape Cod") hereinafter referred to as "Third-Party Respondent": Gus P. Coldebella and S. Jason P. Balesta, Esq., Goodwin Procter, LLP, Boston, MA.

CASE INFORMATION

Statement of Claim filed on or about: March 25, 2003.

Claimants signed the Uniform Submission Agreement: April 28, 2003.

Statement of Answer filed by Respondent First Montauk on or about: August 6, 2003.

Amended Statement of Answer, Motion for a More Definite Statement, Motion to Dismiss for Failure to State a Claim, and Third-Party Statement against Cape Cod Bank and Trust filed by Respondent First Montauk on or about: September 30, 2003.

Respondent First Montauk did not sign the Uniform Submission Agreement.

Statement of Answer filed by Respondent Hartung on or about: August 1, 2003.

Respondent Hartung signed the Uniform Submission Agreement: August 5, 2003.

Third-Party Respondent did not file a Statement of Answer or sign the Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract; breach of fiduciary duty; negligence; violations of Federal and state securities laws, including securities fraud in violation of Rule 10b-5 of the Securities Exchange Act of 1934; churning and control person liability; common law fraud; and violations of Massachusetts consumer protection laws. The causes of action relate to unspecified securities.

Unless specifically admitted in its Answer, Respondent First Montauk denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various affirmative defenses.

In its Third-Party Statement, Respondent First Montauk asserted the following causes of action against Third-Party Respondent Cape Cod: contribution and/or indemnification.

Unless specifically admitted in her Answer, Respondent Hartung 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 \$250,000.00; pre- and post-judgment interest; attorneys' fees and costs; and punitive damages.

Respondent First Montauk requested that the claims against it be dismissed in their entirety; attorneys' fees and costs; and that all costs of this proceeding, including NASD fees and surcharges, be assessed against Claimants.

In its Third-Party Claim against Cape Code, First Montauk requested that Cape Cod be liable for indemnification and contribution.

Respondent Hartung requested dismissal of the Statement of Claim in its entirety; imposing forum fees in their entirety upon the Claimants; and for such other and further relief as the Panel deems just and appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

The Claimants, prior to the hearing, withdrew their claims as against Respondent Hartung with prejudice. Additionally, prior to the hearing, the Claimants and First Montauk entered into a Stipulated Award as detailed below. First Montauk withdrew, without prejudice, its claims

against Third-Party Respondent Cape Cod and reserves the right to pursue such at a later time. Therefore, this Stipulated Award is being submitted to the Panel for its consideration.

Respondent First Montauk 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.

Third-Party Respondent Cape Cod did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the *pre-dispute agreement to arbitrate attached as Exhibit B to Respondent First Montauk's Third-Party Claim*, and is bound by the determination of the Panel on all issues submitted.

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. First Montauk shall pay the Claimants the amount of One Hundred Thousand Dollars and Zero Cents (\$100,000.00) in accordance with the following schedule:
 - a. Fifty Thousand Dollars (\$50,000.00) will be wired to the Claimants' counsel's trust account within two (2) days of First Montauk's receipt of the executed Settlement Agreement and General Release; and
 - b. The remaining Fifty Thousand Dollars (\$50,000.00) will be paid by check within sixty (60) days of First Montauk's receipt of the executed Settlement Agreement and Release.
1. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Lorraine Hartung'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 Lorraine Hartung must obtain confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.
2. First Montauk withdrew, without prejudice, its claims against Third-Party Respondent Cape Cod and reserves the right to pursue such at a later time.
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	= \$ 300.00
Third-Party claim filing fee	= \$1,000.00

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. In this matter, First Montauk Securities Corp. is a party.

Member Surcharge	= \$1,700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$2,750.00</u>
Total Member Fees	= \$5,200.00

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:

September 28-30, 2004, and October 1, 2004, settled by parties	= \$300.00
Claimant E. Haines Trust's share	= \$60.00
Claimant P. Haines Trust's share	= \$60.00
Respondent First Montauk's share	= \$60.00
Respondent Hartung's share	= \$60.00
Respondent Cape Cod's share	= \$60.00

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:

Four (4) Pre-hearing conference sessions with a single arbitrator @ \$450.00/session = \$1,800.00

Pre-hearing conferences:	June 21, 2004	1 session
	July 27, 2004	1 session
	August 16, 2004	1 session
	September 9, 2004	1 session

Two (2) Pre-hearing conference sessions with the Panel @ \$1,125.00/session = \$2,250.00

Pre-hearing conferences: December 23, 2003 1 session
 July 1, 2004 1 session

Total Forum Fees = \$4,050.00

1. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Claimant E. Haines has been assessed \$810.00 of the forum fees.
2. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Claimant P. Haines has been assessed \$810.00 of the forum fees.
3. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Respondent First Montauk has been assessed \$810.00 of the forum fees.
4. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Respondent Hartung has been assessed \$810.00 of the forum fees.
5. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Third-Party Respondent Cape Cod has been assessed \$810.00 of the forum fees.

Fee Summary

1. Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 300.00
<u>Total Fees</u>	= \$ 300.00
<u>Less payments</u>	= \$ 300.00
Balance Due NASD Dispute Resolution	= \$ 0.00

2. Claimant E. Haines is solely liable for:

Three Day Cancellation Fee	= \$ 60.00
<u>Forum Fees</u>	= \$ 810.00
<u>Total Fees</u>	= \$ 870.00
<u>Less payments</u>	= \$ 562.50
Balance Due NASD Dispute Resolution	= \$ 307.50

3. Claimant P. Haines is solely liable for:

Three Day Cancellation Fee	= \$ 60.00
<u>Forum Fees</u>	= \$ 810.00
<u>Total Fees</u>	= \$ 870.00
<u>Less payments</u>	= \$ 562.50
Balance Due NASD Dispute Resolution	= \$ 307.50

4. Respondent First Montauk is solely liable for:

Third-Party Claim Filing Fee	= \$1,000.00
Member Fees	= \$5,200.00
Three Day Cancellation Fee	= \$ 60.00
<u>Forum Fees</u>	= \$1,125.00

Total Fees	= \$7,385.00
<u>Less payments</u>	<u>= \$7,325.00</u>
Balance Due NASD Dispute Resolution	= \$ 60.00

Note: Pursuant To Rule 10332(f)/10205(f) of the NASD Code of Arbitration Procedure, the NASD shall retain the total initial amount of the hearing session deposited by Respondent First Montauk Securities, Inc. since this office was notified by the parties that they settled this matter within 8 business days of the first scheduled hearing session.

5. Respondent Hartung is solely liable for:

Three Day Cancellation Fee	= \$ 60.00
<u>Forum Fees</u>	<u>= \$ 810.00</u>
Total Fees	= \$ 870.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 870.00

6. Third-Party Respondent Cape Code is solely liable for:

Three Day Cancellation Fee	= \$ 60.00
<u>Forum Fees</u>	<u>= \$ 810.00</u>
Total Fees	= \$ 870.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 870.00

All balances are due and payable to NASD Dispute Resolution

Parties' Signatures

Baily Ruckert, Trustee
Baily Ruckert, Trustee for
Edith B. Haines Trust and
Paul L. Haines Trust
Claimants

March 16, 2005
Signature Date

First Montauk Securities Corp.
Respondent

Signature Date

Lorraine Hartung
Respondent

Signature Date

Cape Code Bank and Trust
Respondent

Signature Date

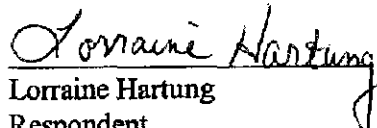
Parties' Signatures

Baily Ruckert, Trustee for
Edith B. Haines Trust and
Paul L. Haines Trust
Claimants

Signature Date


First Montauk Securities Corp.
Respondent

2/16/05
Signature Date


Lorraine Hartung
Respondent

2/16/05
Signature Date

Cape Code Bank and Trust
Respondent

Signature Date

Parties' Signatures

Baily Ruckert, Trustee for
Edith B. Haines Trust and
Paul L. Haines Trust
Claimants

Signature Date

First Montauk Securities Corp.
Respondent

Signature Date

Lorraine Hartung
Respondent

Signature Date

 / *corvner*
Cape Code Bank and Trust
Respondent


3/18/05
Signature Date

ARBITRATION PANEL

William Norton	-	Public Arbitrator, Presiding Chair
Thomas H. Tucker, Esq.	-	Public Arbitrator
Robert L. Barker	-	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 is which is my award.



William Norton
Public Arbitrator, Presiding Chair

4/1/05

Signature Date

Thomas H. Tucker, Esq.
Public Arbitrator

Signature Date

Robert L. Barker
Non-Public Arbitrator

Signature Date

April 15, 2005

Date of Service (For NASD office use only)

ARBITRATION PANEL

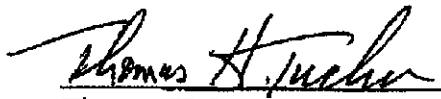
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Thomas H. Tucker, Esq.	-	Public Arbitrator
Robert L. Barker	-	Non-Public Arbitrator

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William Norton
Public Arbitrator, Presiding Chair

Signature Date



Thomas H. Tucker, Esq.
Public Arbitrator



Signature Date

Robert L. Barker
Non-Public Arbitrator

Signature Date

April 15, 2005
Date of Service (For NASD office use only)

ARBITRATION PANEL

William Norton	-	Public Arbitrator, Presiding Chair
Thomas H. Tucker, Esq.	-	Public Arbitrator
Robert L. Barker	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

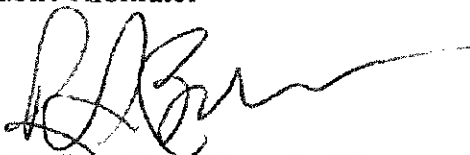
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William Norton
Public Arbitrator, Presiding Chair

Signature Date

Thomas H. Tucker, Esq.
Public Arbitrator

Signature Date



Robert L. Barker
Non-Public Arbitrator

4/14/05
Signature Date

April 15, 2005

Date of Service (For NASD office use only)