

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Joseph Carlton Individually and as Power of Attorney for Joy Ann Carlton, Lance Carlton, Alana Carlton and Ramona Maceira (Claimants) v. Clarke Asset Management Corporation, Kara Clarke, Horowitz & Associates, Inc. a/k/a G.A. Horowitz & Associates, Inc., Northeast Securities, Inc., a/k/a Northeast Asset Management Corporation, Charles Schwab & Co., Inc., Prudential Securities Inc., and Bear Stearns & Co., Inc. (Respondents)

Case Number: 03-02857

Hearing Site: New York City, New York

Nature of the Dispute: Customer v. Member, Associated Person, and Non-Member

REPRESENTATION OF PARTIES

Claimants Joseph Carlton ("Carlton"), Joy Ann Carlton ("J. Carlton"), Lance Carlton ("L. Carlton"), Alana Carlton ("A. Carlton"), and Ramona Maceira ("Maceira") hereinafter collectively referred to as "Claimants": Lance C. Carlton, Esq., Brooklyn, NY. Previously represented by Mark D. Marderosian, Esq., Drier LLP, New York, NY.

Respondent Prudential Securities, Inc. n/k/a Prudential Equity Group, Inc. ("Prudential"): Mildred M. McLaney, Esq., Prudential Equity Group, Inc., New York, NY.

Respondent Horowitz & Associates, Inc., a/k/a G.A. Horowitz & Associates, Inc., ("Horowitz") and Bear Stearns & Co., Inc. ("Bear Stearns"): Christopher L. Gallinari, Esq., Bellows & Bellows, PC, Chicago, IL.

Respondent Northeast Securities, Inc., a/k/a Northeast Asset Management Corporation ("Northeast"): Charles M. O'Rourke, Esq., Woodbury, NY.

Respondent Charles Schwab & Co., Inc. ("Schwab"): Brandon K. Hemley, Esq., Charles Schwab & Co., Inc., San Francisco, CA.

Respondent Clarke Asset Management Corporation ("Clarke Asset") and Kara Clarke ("Clarke"): Kurt Lundren, Esq., Stern, Thwaites & Lundgren, PLLC, Elmsford, NY. Previously represented by Samuel E. Cohen, Esq., Marshall, Dennehey, Warner, Coleman & Goggin, PC, Philadelphia, PA.

CASE INFORMATION

Statement of Claim filed on or about: April 16, 2003.

Claimant signed the Uniform Submission Agreement: April 11, 2003.

Statement of Answer and Cross-claim filed by Respondent Schwab on or about: August 7, 2003.

Respondent Schwab signed the Uniform Submission Agreement: August 6, 2003.

Statement of Answer, Motion to Dismiss and Counterclaim filed by Respondent Horowitz on or about: August 5, 2003.

Respondent Horowitz signed the Uniform Submission Agreement: August 1, 2003.

Statement of Answer and Motion to Dismiss filed by Respondent Bear Stearns on or about: August 5, 2003.

Respondent Bear Stearns signed the Uniform Submission Agreement: July 31, 2003.

Preliminary Statement of Answer and Motion to Dismiss filed by Respondents Clarke and Clarke Asset on or about: August 7, 2003.

Respondent Clarke did not sign the Uniform Submission Agreement.

Respondent Clarke Asset signed the Uniform Submission Agreement: April 8, 2004.

Statement of Answer and Motion for More Definite Statement of Claim filed by Respondent Northeast on or about: August 1, 2003.

Respondent Northeast did not submit a signed Uniform Submission Agreement.

Respondent Prudential did not file a Statement of Answer or submit a signed Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract, breach of fiduciary duty, common law fraud, constructive fraud, negligent misrepresentation, federal securities law and prior litigation expenses. The causes of action relate to the Downside Protection Agreement.

Unless specifically admitted in their Answers, Respondents Horowitz, Clarke, Clark Asset, Schwab, Northeast, and Bear Stearns denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested: compensatory damages in the amount of \$250,000.00; punitive damages in the amount of \$500,000.00, costs, legal expenses associated with this proceeding, including reasonable attorney's fees.

Respondent Horowitz requested that the Panel enter an award denying Claimants' claims for

relief and grant such other relief as the Panel deems just and proper.

Respondent Schwab requested that the Panel dismiss Claimants' claims in their entirety, award Schwab costs and fees in connection with this proceeding and such other relief as the Panel deems appropriate.

In their counterclaim Respondent Horowitz requested: unspecified compensatory damages and costs.

In their cross-claim Respondent Schwab requested: indemnification.

OTHER ISSUES CONSIDERED AND DECIDED

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

Respondent Northeast and Clarke did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements, but are required to submit to arbitration pursuant to the Code and, having answered the claim, are bound by the determination of the Panel on all issues submitted.

On or about October 1, 2004, Claimants withdrew their claims without prejudice against Respondent Northeast Securities, Inc.

On or about October 11, 2004, Claimants entered into a settlement agreement with Respondent Prudential Equity Group, Inc.

On or about October 18, 2004, Claimants withdrew their claims with prejudice against Respondent Charles Schwab & Co., Inc. and entered into a settlement agreement.

A pre-hearing conference was held on or about October 20, 2004, where the Panel heard arguments regarding Respondents Clarke and Clarke Asset's Motion to Dismiss. After due deliberation, the Panel denied said Motion. The Panel entered an Order dismissing all claims against and counterclaims of Respondents Horowitz & Associates, Inc. and Bear Stearns & Co., Inc. The Panel also ordered that no part of the forum fees or costs in this matter shall be borne by Respondents Horowitz Associates or Bear Stearns, and any deposits made by them for that purpose shall be refunded.

At the hearing in this matter, Respondents Clarke and Clarke Asset filed a Motion for a Directed Verdict. The Panel reserved decision and later 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, 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. Respondents Kara Clarke and Clarke Asset Management Corporation are jointly and severally liable for and shall pay to Claimant Ramona Maceira compensatory damages in the amount of \$15,000.00.
2. 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
Counter claim filing fee	= \$ Waived
Cross-claim filing fee	= \$ 1,250.00

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 person at the time of the events giving rise to the dispute. Accordingly, Northeast Securities, Inc., a/k/a Northeast Asset Management Corporation is a party.

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

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 person at the time of the events giving rise to the dispute. Accordingly, Charles Schwab & Co., Inc. is a party.

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

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 person at the time of the events giving rise to the dispute. Accordingly, Prudential Securities, Inc. n/k/a Prudential Equity Group, Inc. is a party.

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

June 22-24, 2005, adjournment by Respondent Clarke & Clarke Asset = \$ 1,200.00

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:

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

Pre-hearing conferences: September 13, 2004 1 session
 October 20, 2004 1 session
 February 7, 2005 1 session

Two (2) Hearing sessions @ \$1,200.00 = \$ 2,400.00

Hearing Dates: October 6, 2005 2 sessions

Total Forum Fees = \$ 6,000.00

1. The Panel has assessed \$6,000.00 of the forum fees to Claimants.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 6,000.00
Total Fees	= \$ 6,375.00
<u>Less payments</u>	= \$ 1,750.00
Balance Due NASD Dispute Resolution	= \$ 4,625.00

2. Respondent Schwab is solely liable for:

Cross-claim Filing Fee	= \$ 1,250.00
Member Fees	= \$ 3,000.00
Total Fees	= \$ 4,250.00
<u>Less payments</u>	= \$ 5,675.00
Refund Due	= \$ 1,425.00

3. Respondent Prudential is solely liable for:

Member Fees	= \$ 3,000.00
Total Fees	= \$ 3,000.00
<u>Less payments</u>	= \$ 4,300.00
Refund Due	= \$ 1,300.00

4. Respondent Northeast is solely liable for:

<u>Member Fees</u>	= \$ 3,000.00
<u>Total Fees</u>	= \$ 3,000.00
<u>Less payments</u>	= \$ 3,550.00
<u>Refund Due</u>	= \$ 550.00

5. Respondents Clarke and Clarke Asset are jointly and severally liable for:

<u>Adjournment Fees</u>	= \$ 1,200.00
<u>Total Fees</u>	= \$ 1,200.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 1,200.00


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

ARBITRATION PANEL

Joseph B. Russell, Esq.	-	Public Arbitrator Presiding Chairperson
Joan M. Traub, Esq.	-	Public Arbitrator
Harry D. Frisch, 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, which is my award.



Joseph B. Russell, Esq.
Public Arbitrator, Presiding Chairperson

10/13/05

Signature Date

Joan M. Traub, Esq.
Public Arbitrator

Signature Date

Harry D. Frisch, Esq.
Non-Public Arbitrator

Signature Date

October 19, 2005

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

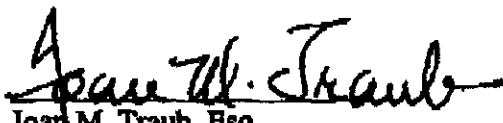
Joseph B. Russell, Esq.	-	Public Arbitrator Presiding Chairperson
Joan M. Traub, Esq.	-	Public Arbitrator
Harry D. Frisch, Esq.	-	Non-Public Arbitrator

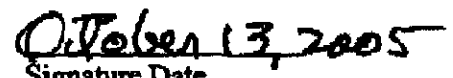
Concurring Arbitrators' Signatures

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, which is my award.

Joseph B. Russell, Esq.
Public Arbitrator, Presiding Chairperson

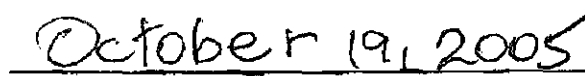
Signature Date


Joan M. Traub, Esq.
Public Arbitrator


Signature Date

Harry D. Frisch, Esq.
Non-Public Arbitrator

Signature Date


Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Joseph B. Russell, Esq.	-	Public Arbitrator Presiding Chairperson
Juan M. Traub, Esq.	-	Public Arbitrator
Harry D. Frisch, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

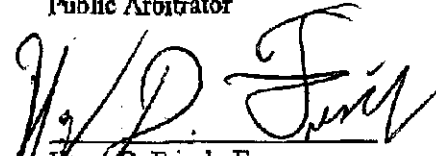
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.

Joseph B. Russell, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Juan M. Traub, Esq.
Public Arbitrator

Signature Date



Harry D. Frisch, Esq.
Non-Public Arbitrator

10/14/2005
Signature Date

October 19, 2005
Date of Service (For NASD Dispute Resolution use only)