

Stipulated Award  
NASD Dispute Resolution

---

In the Matter of the Arbitration Between:

Name of the Claimant

Stephen K. Ryan

Case Number: 03-03706

Name of the Respondents

Legg Mason Wood Walker, Incorporated  
Shawn P. McLaughlin

Hearing Site: Washington, D C

---

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

REPRESENTATION OF PARTIES

Claimant, Stephen K. Ryan ("Claimant"), was represented by Mark C. Hayes, Esq., Carter Fullerton & Hayes, LLC., Annandale, Virginia.

Respondents, Legg Mason Wood Walker, Incorporated ("Legg Mason") and Shawn P. McLaughlin ("McLaughlin"), hereinafter collectively referred to as "Respondents", were represented by Jason W. Gaarder, Esq., Associate General Counsel, Legg Mason Wood Walker, Incorporated, Baltimore, Maryland.

CASE INFORMATION

Statement of Claim filed on May 20, 2004.

Claimant signed the Uniform Submission Agreement on May 19, 2003.

Joint Statement of Answer filed by Respondents on September 10, 2003.

Jason W. Gaarder Esq. signed the Uniform Submission Agreement on behalf of Legg Mason on September 10, 2003.

Respondent McLaughlin signed the Uniform Submission Agreement on December 4, 2003.

CASE SUMMARY

Claimant alleged that the Form U-5 filed by Legg Mason with the NASD following the termination of his employment with Legg Mason was defamatory. Claimant further alleged that Respondent McLaughlin tortiously interfered with his employment relationship with Legg Mason, that Respondents tortiously interfered with Claimant's business relationships, and that Respondent McLaughlin wrongfully gained possession of Claimant's client lists.

In their Statement of Answer Respondents denied all allegations, asserted affirmative defenses, and requested that the claim be dismissed in its entirety.

### RELIEF REQUESTED

Claimant requested the following damages:

Compensatory Damages	\$4,575,000.00
Punitive Damages	\$6,000,000.00
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Claimant requested that the Form U-5 filed by Legg Mason be ordered expunged from his record maintained by the NASD Central Registration Depository ("CRD").

In their Statement of Answer Respondents requested dismissal of Claimant's claim, an award of costs and expenses incurred, and such other relief as is just and proper.

### OTHER ISSUES CONSIDERED AND DECIDED

On or about May 5, 2004, the Parties fully and finally settled all claims by and between them. Therefore, the Parties submit this Stipulated Award to the Arbitration Panel ("Panel") for its consideration and request that it be entered.

The parties have agreed that the Stipulated Award in this matter may be executed in counterpart copies.

### AWARD

After considering the pleadings and the proposed Stipulated Award, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. The listed parties have agreed to settle this matter according to the terms of a separate Release and Settlement Agreement. Claimant withdraws all claims against both Respondents, and therefore this action is dismissed as to both Respondents.
2. The Panel recommends that the reason for termination and corresponding termination comment reported on the Form U-5, filed with CRD by Legg Mason on September 14, 2001, in connection with the termination of Mr. Ryan's employment at Legg Mason, be expunged. The reason for termination should be replaced to state that the termination of Mr. Ryan's employment at Legg Mason was as a result of "Voluntary Resignation". Such expungement is granted with the understanding that, pursuant to Notice to Members 99-09 and 99-54 Mr. Ryan must first obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and,

4. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

### FEES

Pursuant to 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 = \$ 300.00

#### 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(s) at the time of the events giving rise to the dispute. Accordingly, Legg Mason is a party.

Member surcharge = \$ 3,750.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$ 5,500.00

Total Member Fees = \$10,000.00

#### Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel @ \$1,200.00 = \$1,200.00

Pre-hearing conference: March 3, 2004 1 session

Total Forum Fees = \$1,200.00

1. The Panel has assessed \$600.00 of the forum fees to Claimant.
2. The Panel has assessed \$600.00 of the forum fees to Respondent Legg Mason.

### FEE SUMMARY

1. Claimant is assessed and shall pay the following fees:

Initial Filing Fee = \$ 600.00

Forum Fees = \$ 600.00

Total Fees = \$ 1,200.00

Less payments = \$ 1,700.00

Refund due Claimant = \$ 500.00

2. Respondent Legg Mason is assessed and shall pay the following fees:

Member Fees = \$10,000.00

Forum Fees	= \$ 600.00
Total Fees	= \$10,600.00
Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 2,050.00

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

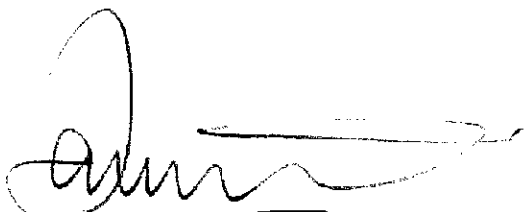
ARBITRATION PANEL

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

ARBITRATION PANEL

Barry E. Shapiro	-	Public Arbitrator, Presiding Chairperson
George Clay Nettles	-	Public Arbitrator, Panelist
Mark A. Karpe, Esq.	-	Non-Public Panelist

Concurring Arbitrators' Signatures



✓ Barry E. Shapiro  
Public Arbitrator, Presiding Chairperson

JULY 6, 2004

Signature Date

\_\_\_\_\_  
George Clay Nettles  
Public Arbitrator, Panelist

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Mark A. Karpe, Esq.  
Non-Public Arbitrator, Panelist

\_\_\_\_\_  
Signature Date

7/13/04

\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution office use only)

Jul 12 04 04:07p

G. Clay Nettles

301-652-4589

p.2

07/12/2004 16:00 FAX 202 728 8082

NASD DISPUTE RESOLUTION

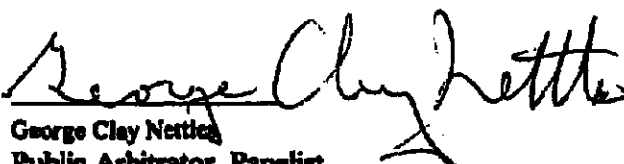
006/006

NASD Dispute Resolution  
Arbitration No. 03-03706  
Stipulated Award Page 5

Concurring Arbitrators' Signatures

\_\_\_\_\_  
Barry E. Shapiro  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

  
George Clay Nettles  
Public Arbitrator, Panelist

  
Signature Date

\_\_\_\_\_  
Mark A. Karpe, Esq.  
Non-Public Arbitrator, Panelist

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

\_\_\_\_\_  
Barry E. Shapiro  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
George Clay Nettles  
Public Arbitrator, Panelist

\_\_\_\_\_  
Signature Date

  
\_\_\_\_\_  
Mark A. Karpe, Esq.  
Non-Public Arbitrator, Panelist

July 7, 2004  
Signature Date

\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution office use only)