

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Cherie Mondragon

v.

03-04894

Denver, Colorado

Respondents

Stanford Group Company and George Lares

Nature of Dispute: Customer v. Member and Associated Person

REPRESENTATION OF PARTIES

Cherie Mondragon ("**Claimant**") was represented by Linda M. Deola, Esq., of Reynolds Motl & Sherwood, PLLP, Helena Montana.

Stanford Group Company ("**Stanford Group**") and George Lares ("**Lares**"), hereinafter referred to as "**Respondents**," were represented by Rebecca Hamric, Esq., of Stanford Financial Group, Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about June 30, 2003. The Submission Agreement of Claimant was signed on or about March 25, 2003.

The Statement of Answer was filed jointly by Respondents, Stanford Group Company and George Lares, on or about September 11, 2003. The Submission Agreement of Respondent, Stanford Group Company, was signed on or about August 27, 2003, by Jay Comeaux, Co-President of Stanford Group Company.

CASE SUMMARY

Claimant asserted causes of action including the following: respondeat superior, negligence, violations of the Montana Securities Act, constructive fraud, and misrepresentations. The causes of action related to Claimant's allegation that Respondents invested her in various technology stocks, including Microsoft, Lucent Technology, Intel, and Cisco Systems. Claimant asserted that these stocks were unsuitable for her and that the lack of diversification resulted in losses in her account.

Respondents denied the allegations set forth in the Statement of Claim and asserted defenses including the following: Claimant failed to state a claim upon which relief can be granted;

Claimant's claims are barred in whole or in part, by the doctrines of laches, unclean hands and estoppel; Claimant authorized, directed and ratified all of the activity in her account; all activity in Claimant's account was suitable and consistent with her stated investment objections; Claimant's losses, if any, were caused as a result of Claimant's own negligence and/or contributory negligence and Claimant is barred from recovery because she knowingly accepted and assumed the risks of investing in the securities market.

RELIEF REQUESTED

Claimant requested an award of actual damages in excess of \$510,000, plus lost opportunity damages, interest, punitive damages, attorneys' fees, costs and any other relief the panel deemed just and equitable.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

The parties agreed, on or about July 16, 2003, to move the hearing location from Salt Lake City, Utah, to Denver, Colorado.

Respondent, George Lares, 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, and appeared and testified at the hearing, is bound by the determination of the panel on all issues submitted.

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. In either case, the parties have agreed to receive conformed copies of the award while the originals remain on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims, each and all, are hereby denied and dismissed with prejudice in their entirety;

2. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, including punitive damages, are denied with prejudice; and
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys' fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 375

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, the member firm is Stanford Group Company.

Member surcharge = \$ 2,250
Pre-hearing process fee = \$ 750
Hearing process fee = \$ 4,000

Forum Fees and Assessments

The Arbitration 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. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$ 1,200 = \$ 1,200

Pre-hearing conference: 02/02/2004 1 session

Four (4) Hearing sessions with Panel x \$ 1,200 = \$ 4,800

Hearing Dates:	09/28/2004	2 sessions
	09/29/2004	2 sessions

Total Forum Fees = \$ 6,000

The Arbitration Panel has assessed \$ 6,000 of the forum fees to Stanford Group Company.

Fee Summary

Claimant, Cherie Mondragon, is liable for:

Initial Filing Fee	= \$ 375
Total Fees	= \$ 375
<u>Less payments</u>	<u>= \$ 1,575</u>
Balance Refunded By NASD Dispute Resolution	= \$ 1,200

Respondent, Stanford Group Company, is liable for:

Member Fees	= \$ 7,000
<u>Forum Fees</u>	<u>= \$ 6,000</u>
Total Fees	= \$ 13,000
<u>Less payments</u>	<u>= \$ 7,000</u>
Balance Due NASD Dispute Resolution	= \$ 6,000

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

ARBITRATION PANEL

Malcolm T. Cleland - Public Arbitrator, Presiding Chair

Gregory D. Thomas, Esq. - Public Arbitrator

Albert T.T. Cook, Jr. - Non-Public Arbitrator

Concurring Arbitrators:

Malcolm T. Cleland
Public Arbitrator, Presiding Chair

Signature Date

Albert T.T. Cook, Jr.
Non-Public Arbitrator

Signature Date

Dissenting Arbitrator:

Gregory D. Thomas, Esq.
Public Arbitrator

Signature Date

10/5/04
Date of Service (NASD use only)

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Public Arbitrator, Presiding Chair

10/4/04
Signature Date

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Albert T.T. Cook, Jr.
Non-Public Arbitrator

10.5.2004
Signature Date

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Public Arbitrator

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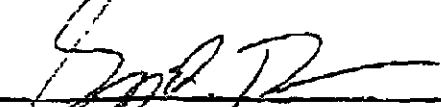
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Dissenting Arbitrator:



Gregory D. Thomas, Esq.
Public Arbitrator

10-4-04

Signature Date

10/5/04

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