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**Stipulated Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Name of the Claimant

Gregory Bierals, individually, on  
behalf of his IRA and as trustee of  
Electrical Design Institute, Inc.

Case Number: 03-05187

Names of the Respondents

Investacorp, Inc.  
Steven Jay Fraidstern

Hearing Site: Boca Raton, Florida

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

**REPRESENTATION OF PARTIES**

For Gregory Bierals, individually, on behalf of his IRA and as trustee of Electrical Design Institute, Inc., hereinafter referred to as "Claimant": Russell C. Silverglate, Esq., Dickenson Murphy Rex and Sloan, Boca Raton, Florida.

For Respondent Investacorp, Inc., hereinafter referred to as "Investacorp": David Rappaport, Associate General Counsel, Investacorp, Inc., Miami Lakes, Florida.

For Respondent Steven Jay Fraidstern, hereinafter referred to as "Fraidstern": Alex J. Sabo, Esq., Bressler, Amery & Ross, P.C., Miramar, Florida.

**CASE INFORMATION**

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

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

Amended Statement of Claim filed by Claimant on or about: August 28, 2003.

Statement of Answer filed by Respondent Investacorp on or about: October 9, 2003.

Respondent Investacorp signed the Uniform Submission Agreement: October 9, 2003.

Answer to Amended Statement of Claim, Affirmative Defenses and Notice of Joinder filed by Respondent Fraidstern on or about: November 7, 2003.

Respondent Fraidstern signed the Uniform Submission Agreement: October 21, 2003.

**CASE SUMMARY**

Claimant alleged that Respondent Fraidstern recommended investments that were unsuitable in light of Claimant's investment objectives. In addition, Claimant alleged violation of the Florida common law of fraud, breach of fiduciary duty, negligence and negligent failure to supervise. Claimant further alleged that he suffered losses based upon Respondents' recommendations. The causes of action relate to the purchase and sale of shares of Putnam New Century Growth B, Olstein, Putnam Small Cap B, Putnam Growth Opportunities B, Putnam Research B and Putnam New Opportunities B mutual funds in Claimant's accounts.

Respondents Fraidstern and Investacorp denied the allegations made in the Statement of Claim and asserted that, pursuant to Claimant's risk tolerance, investment profile and investment history, Claimant's investments were suitable. Additionally, Respondents contended that any losses incurred by Claimant resulted from his own decisions. Respondents further alleged that Claimant was barred from recovery because he ratified all of the transactions and controlled the investment decisions in his accounts.

### **RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$205,000.00, interest, costs and any other relief deemed just and proper.

Respondents Fraidstern and Investacorp requested judgment in their favor as well as costs and fees, including attorneys' fees.

### **OTHER ISSUES CONSIDERED AND DECIDED**

On or about November 15, 2004, Claimant notified NASD Dispute Resolution that this matter had been settled.

On or about December 21, 2004, Claimant notified NASD Dispute Resolution that this matter was voluntarily dismissed, with prejudice.

On or about January 26, 2005, the parties filed a proposed Stipulated Award with a request that the Panel enter the Stipulated Award expunging this matter from Respondent Fraidstern's NASD Central Registration Depository ("CRD") records.

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

### **AWARD**

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

The Statement of Claim is dismissed in its entirety without any finding of fault or liability on the part of Respondents Investacorp or Fraidstern.

Based upon the joint request of the parties, the Panel recommends the expungement of all references to the above captioned arbitration from Respondent Fraidstern's registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Fraidstern must obtain confirmation from a court of competent jurisdiction before the NASD CRD will execute the expungement directive.

Each party shall bear its respective costs, including attorneys' fees.

All other requests for relief, which are not addressed specifically in this Stipulated Award, are denied, with prejudice.

### **FEES**

Pursuant to the NASD Code of Arbitration Procedure (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
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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 person at the time of the events giving rise to the dispute. In this matter, the member firm Investacorp, Inc. is a party.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

No requests for adjournments were filed in this matter.

#### **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:

No three-day cancellation fees were incurred in this matter.

#### **Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

#### **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:

One (1) Pre-hearing session with the Panel @ \$1,125.00	= \$1,125.00
Pre-hearing conference: February 5, 2004	1 session

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Total Forum Fees = \$1,125.00

The Panel has assessed \$375.00 of the forum fees to Claimant.

The Panel has assessed \$375.00 of the forum fees to Respondent Investacorp.

The Panel has assessed \$375.00 of the forum fees to Respondent Fraidstern.

#### **Administrative Costs**

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to: additional copies of arbitrator awards; copies of audio transcripts; retrieval of documents from archives; interpreters; and, security.

No administrative costs were incurred in this matter.

#### **Fee Summary**

Claimant is solely liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	= \$ 375.00
Total Fees	= \$ 675.00
<u>Less payments</u>	= \$ 675.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Investacorp is solely liable for:

Member Fees	= \$ 5,200.00
<u>Form Fees</u>	= \$ 375.00
Total Fees	= \$ 5,575.00
<u>Less payments</u>	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 375.00

Respondent Fraidstern is solely liable for:

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

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

#### **ARBITRATION PANEL**

Mark F. Raymond, Esq.	-	Public Arbitrator, Presiding Chairperson
Lawrence M. Green	-	Public Arbitrator
Herbert Schwartz	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

/s/

01/28/05

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Mark F. Raymond, Esq.  
Public Arbitrator, Presiding Chairperson

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

/s/

02/04/05

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Lawrence M. Green  
Public Arbitrator

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

/s/

01/27/05

\_\_\_\_\_  
Herbert Schwartz  
Non-Public Arbitrator

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Signature Date

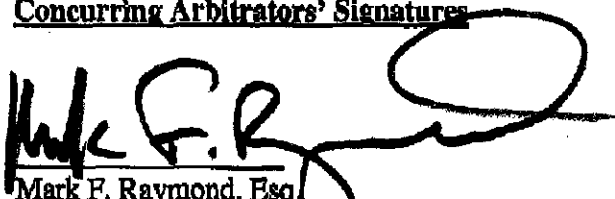
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Date of Service (For NASD Dispute Resolution office use only)

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Arbitration No. 03-05187  
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Public Arbitrator, Presiding Chairperson

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Signature Date

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Lawrence M. Green  
Public Arbitrator

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Herbert Schwartz  
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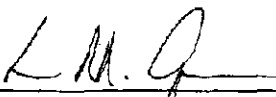
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