

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

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In the Matter of the Arbitration Between:

Lisa Lippincott, Claimant v. Mutual Services Corporation and Robert D. Cornell, Respondents

Case Number: 03-05373

Hearing Site: Los Angeles, California

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

**REPRESENTATION OF PARTIES**

For Claimant:

L. Louis Raring, Esq.  
The Raring Law Firm  
Trabuco Canyon, California

For Respondents:

G. Thomas Flemming, III, Esq.  
Jones, Bell, Abbott, Fleming & Fitzgerald  
Los Angeles, California

**CASE INFORMATION**

Statement of Claim filed: July 18, 2003

Claimant's Uniform Submission Agreement signed: July 9, 2003

Joint Statement of Answer filed by Respondents: September 29, 2003

Respondent Robert D. Cornell's Uniform Submission Agreement signed: September 23, 2003

### **CASE SUMMARY**

Claimant alleged breach of fiduciary duty, unsuitability, fraud, misrepresentation and omissions of fact, churning, unauthorized transactions, negligence, violations of NASD and NYSE rules, and failure to supervise. Claimant's allegations involved the use of margin in the purchase and sale of "high tech stocks."

Respondents denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

Claimant requested \$1,550,000.00 in compensatory damages, unspecified punitive damages, interest at the rate of 10% per annum, and costs.

Respondents requested dismissal of the Claimant's Statement of Claim in its entirety, and costs, including attorney's fees.

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

Respondent Mutual Services Corporation did not file with the NASD Dispute Resolution a properly executed 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.

On April 24, 2004, Claimant and Claimant's counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On May 10, 2004, Respondents Mutual Service Corporation's and Robert D. Cornell's counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On April 29, 2005, Claimant Lisa Lippincott dismissed Respondent Robert D. Cornell with prejudice. The parties stipulated that no consideration was paid by or on behalf of Mr. Cornell in connection with Claimant's dismissal.

The parties agreed that the Stipulated Award in this matter may be executed in counterpart copies or that a handwritten, signed Stipulated Award may be entered.

**AWARD**

After considering the pleadings, other papers filed in this action, and the Parties request for this Stipulated Award, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant and Respondents have entered into a confidential settlement agreement.
2. Claimant's claims are dismissed with prejudice.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Robert D. Cornell's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Robert D. Cornell must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. The parties shall bear their respective costs, including attorney's fees.
5. All other relief requested and not expressly granted is denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 500.00
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#### **Member Fees**

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Mutual Services Corporation is a party and the following fees are assessed:

Member Surcharge	= \$2,800.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$5,000.00
<b>Total Member Fees</b>	<b>= \$8,550.00</b>

#### **Forum Fees and Assessments**

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair or the parties and the Panel. The following fees are assessed:

Two (2) pre-hearing conferences session with the Panel @ \$1,200.00/session	= \$2,400.00
Pre-Hearing Conferences: September 9, 2004	1 session
June 27, 2005	1 session
<b>Total Forum Fees</b>	<b>= \$2,400.00</b>

1. The Panel assessed \$600.00 of the forum fees to Claimant Lisa Lippincott.
2. The Panel assessed \$1,800.00 of the forum fees to Respondent Mutual Services Corporation.

**Fee Summary**

1. Claimant Lisa Lippincott is charged with the following fees and costs:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 600.00
Total Fees	= \$ 1,100.00
Less payments	= \$ (1,700.00)
<b>Refund Due from NASD Dispute Resolution</b>	<b>= \$ (600.00)</b>

2. Respondent Mutual Services Corporation is charged with the following fees and costs:

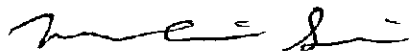
Member Fees	= \$ 8,550.00
Forum Fees	= \$ 1,800.00
Total Fees	= \$10,350.00
Less payments	= \$ (8,550.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 1,800.00</b>

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

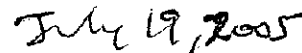
**ARBITRATION PANEL**

<i>Charles E. Rumbaugh</i>	-	<i>Public, Presiding Chair</i>
<i>Norman Cousins Sasamori</i>	-	<i>Public Arbitrator</i>
<i>Peter D. Best</i>	-	<i>Non-Public Arbitrator</i>

**Concurring Arbitrators' Signatures**



Norman Cousins Sasamori, Esq.  
Public Arbitrator



Signature Date

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Peter D. Best  
Non-Public Arbitrator

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Signature Date

**Dissenting Arbitrator's Signature**

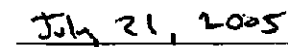
I respectfully dissent. It is incumbent that an arbitration panel have the requisite jurisdiction to issue an award. Herein, the Respondents were previously dismissed with prejudice. Further, assuming that there is jurisdiction, the record is absent of any evidence to support the recommendation based upon the applicable NASD policy and the matter should be referred to the court for resolution.

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Charles E. Rumbaugh, Esq.  
Public Arbitrator

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Signature Date

  
Date of Service

**ARBITRATION PANEL**

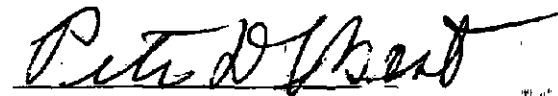
*Charles E. Rumbaugh*  
*Norman Cousins Sasamori*  
*Peter D. Best*

*Public, Presiding Chair*  
*Public Arbitrator*  
*Non-Public Arbitrator*

**Concurring Arbitrators' Signatures**

Norman Cousins Sasamori, Esq.  
Public Arbitrator

Signature Date



Peter D. Best  
Non-Public Arbitrator

7-15-05  
Signature Date

**Dissenting Arbitrator's Signature**

I respectfully dissent. It is incumbent that an arbitration panel have the requisite jurisdiction to issue an award. Herein, the Respondents were previously dismissed with prejudice. Further, assuming that there is jurisdiction, the record is absent of any evidence to support the recommendation based upon the applicable NASD policy and the matter should be referred to the court for resolution.

Charles E. Rumbaugh, Esq.  
Public Arbitrator

Signature Date

July 21, 2005  
Date of Service

**ARBITRATION PANEL**

<i>Charles E. Rumbaugh</i>	-	<i>Public, Presiding Chair</i>
<i>Norman Cousins Sasamori</i>	-	<i>Public Arbitrator</i>
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Norman Cousins Sasamori, Esq.  
Public Arbitrator

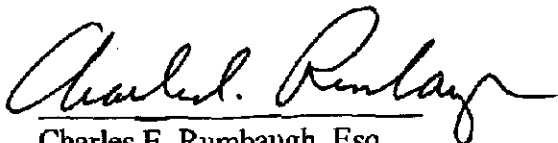
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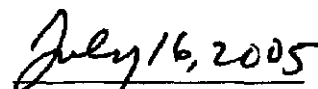
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Peter D. Best  
Non-Public Arbitrator

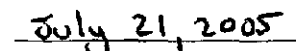
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**Dissenting Arbitrator's Signature**

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Charles E. Rumbaugh, Esq.  
Public Arbitrator

  
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Signature Date

  
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Date of Service