

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Paul J. Sullivan, Trustee of the P&K Sullivan Nominee Trust, Billy Duncan, Lawrence Gilbert as Successor Trustee to Robert Gilbert, George E. Okashima, David and Anne Eaton, Thomas Hoyt, Carl and Barbara Streng, John Pickel, Charles Hostenske, Douglas Anders, Richard L. Uriarte, Kamran Manuel, William and Marilyn Fisher, Phillip and Marilyn Shapiro, Duane Stewart, Douglas Foy, Randy Allsup and Martin Cooper (Claimants) vs. NF Clearing, Inc., f/k/a Fiserv Securities, Inc., Thomas Fletcher Holdings, LLC, Thomas Fletcher & Company, Inc., Thomas Fletcher & Co., Inc., Natalia Salygin, Pdraig C. McGlynn, John J. Donadio, Gianfranco Carbonara, Alexander Berg, Roman Thaker, Sergei Voronchenko, Louis M. Pugliese, Gary L. Mosher, Patrick G. Hennessy, Frank J. Lockwood, Sr. (Respondents)

Case Number: 03-06048

Hearing Site: New York, New York

Nature of the Dispute: Customers vs. Members and Associated Persons

REPRESENTATION OF PARTIES

Claimants The P&K Sullivan Nominee Trust ("P&K Sullivan"), Billy Duncan ("Duncan"), Robert Gilbert ("Gilbert"), George E. Okashima ("Okashima"), David and Anne Eaton ("D&A Eaton"), Thomas Hoyt ("Hoyt"), Carl and Barbara Streng ("C&B Streng"), John Pickel ("J. Pickel"), Charles Hostenske ("C. Hostenske"), Douglas Anders ("D. Anders"), Richard L. Uriarte ("Uriarte"), Kamran Manuel ("Manuel"), Dr. Williams and Marilyn Fisher ("W&M Fisher"), Phillip and Marilyn Shapiro ("Shapiros"), Duane Stewart ("D. Stewart"), Douglas Foy ("D. Foy"), Randy Allsup ("R. Allsup") and Martin Cooper ("Cooper") hereinafter collectively referred to as "Claimants": John T. McGuire, Esq., John T. McGuire and Associates, New York, NY.

Respondent Frank J. Lockwood, Sr. ("Lockwood") appeared *pro se*.

Respondent Gary L. Mosher ("Mosher") appeared *pro se*.

Respondent Louis M. Pugliese ("Pugliese") appeared *pro se*.

Respondent Gianfranco Carbonara ("Carbonara") did not enter an appearance in this matter. Previously represented by Michael Ferrence, Esq., Schienza Ross Friedman & Ferrence, New York.

Patrick G. Hennessy ("Hennessy"), Michael Dupont, Esq., McKenna, Dupont, Higgins, & Byrnes, Redbank, NJ.

Respondent NF Clearing, Inc., f/k/a Fiserv Securities, Inc. ("NF Clearing"), Stephen J. Kastenber, Esq., Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, PA.

Respondents Roman Thaker ("Thaker"), Sergei Voronchenko ("Voronchenko"), Thomas Fletcher & Company, Inc. ("TF & Company"), Thomas Fletcher Holdings, LLC ("TF Holdings"), Thomas Fletcher & Co., Inc. ("TF & Co."), Padraig C. McGlynn ("McGlynn"), John J. Donadio ("Donadio"), Alexander Berg ("Berg"), and Natalia Salygin ("Salygin") did not enter an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: August 20, 2003.
Amended Statement of Claim filed on or about: November 1, 2003.
P&K Sullivan signed the Uniform Submission Agreement: June 14, 2003.
Duncan signed the Uniform Submission Agreement: June 30, 2003.
Gilbert signed the Uniform Submission Agreement: June 17, 2003.
Okashima signed the Uniform Submission Agreement: June 17, 2003.
D&A Eaton signed the Uniform Submission Agreement: June 19, 2003.
Hoyt signed the Uniform Submission Agreement: June 23, 2003.
C&B Streng signed the Uniform Submission Agreement: June 19, 2003.
J. Pickel signed the Uniform Submission Agreement: June 17, 2003.
C. Hostenske signed the Uniform Submission Agreement: June 18, 2003.
D. Anders signed the Uniform Submission Agreement: June 27, 2003.
Uriarte signed the Uniform Submission Agreement: June 6, 2003.
Manuel signed the Uniform Submission Agreement: August 8, 2003.
W&M Fisher signed the Uniform Submission Agreement: June 13, 2003.
Shapiros signed the Uniform Submission Agreement: June 22, 2003.
D. Stewart signed the Uniform Submission Agreement: June 30, 2003.
D. Foy signed the Uniform Submission Agreement: June 22, 2003.
R. Allsup signed the Uniform Submission Agreement: June 24, 2003.

Answer to the Statement of Claim filed by NF Clearing on or about: November 19, 2004.
NF Clearing did not sign the Uniform Submission Agreement.

Answer to the Statement of Claim filed by Carbonara on or about: July 22, 2004.
Carbonara did not sign the Uniform Submission Agreement.

Answer to the Amended Statement of Claim filed by Lockwood on or about: July 20, 2004.
Lockwood did not sign the Uniform Submission Agreement.

Answer to the Amended Statement of Claim filed by Mosher on or about: June 22, 2004.
Mosher signed the Uniform Submission agreement: June 14, 2004.

Answer to the Amended Statement of Claim filed by Pugliese on or about: June 30, 2003.
Pugliese signed the Uniform Submission Agreement: March 7, 2005.

Answer to the Statement of Claim filed by Hennessy on or about: June 29, 2004.
Hennessy did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: fraud; negligent activity; material misrepresentation, and omission of facts. The causes of action relate to the private placement offering in Thomas Fletcher & Co., Inc.

In its Amended Statement of Claim, Claimant added the following Respondents: Lockwood, Mosher and Pugliese

Unless specifically admitted in its Answer, Respondent Lockwood denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Respondent NF Clearing denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Respondent Carbonara denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Respondent Lockwood denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Respondent Mosher denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Respondent Pugliese denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Respondent Hennessy denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$1,714,500.00, punitive damages in the amount of \$5,143,500.00, interest in the amount of \$310,000.00 and attorneys' fee in the amount of \$2,024,500.00 and costs. In its Amended Statement of Claim, Claimant's requested \$1,779,000.00, punitive damages in the amount of \$5,337,000.00, interest at 9% per annum, and attorneys' fees in the amount of \$507,275.00.

Respondent Lockwood requested that Claimants' claims be dismissed in their entirety and that the Panel expunge this arbitration from his CRD record.

Respondent NF Clearing requested that Claimants' claims be dismissed in their entirety.

Respondent Carbonara requested that Claimants' claims be dismissed in their entirety.

Respondent Mosher requested that Claimants' claims be dismissed in their entirety.

Respondent Hennessy requested that Claimants' claims be dismissed in their entirety.

Respondent Pugliese requested that Claimants' claims be dismissed in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made by the Claimants, the undersigned arbitrators (the "Panel") determined that Respondents Thaker, Voronchenko, McGlynn, Donadio, Carbonara, and Berg have been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondents present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Upon information provided by Claimants' counsel the Panel concluded that Respondents McGlynn, Donadio, Carbonara, and Berg are incarcerated in U.S. Federal Penitentiaries. The Panel further determined that numerous attempts have been made, in writing, to notify these Respondents of these hearings. No response was ever received by the Panel, but the Panel determined that "best efforts" had been made to serve notice of the hearings on these Respondents.

Respondents NF Clearing, TF & Company, Hennessy, Carbonara, McGlynn, Donadio, Berg, Thaker, and Lockwood did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the Code, and Respondents NF Clearing, Carbonara, Lockwood, and Hennessy having answered the claim, and Respondent Lockwood having appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

On or about August 24, 2005, Claimant and Respondent NF Clearing entered into a confidential settlement and all claims against NF Clearing were dismissed with prejudice.

On or about January 25, 2005, Respondent Hennessey filed for bankruptcy protection and therefore all claims against Berg and Hennessey were stayed pursuant to court order.

On or about September 1, 2005, Respondent Berg filed for bankruptcy protection and therefore all claims against Berg and Hennessey were stayed pursuant to court order.

The Panel determined that TF Holdings, TF & Co., Salygin and Voronchenko are not subject to NASD jurisdiction and therefore dismissed Claimants' claims against these parties.

Deducting for settlement payments made by NF Clearing, Claimants adjusted their request for compensatory damages at the hearing from \$1,779,000.00 to \$1,521,825.00.

The parties 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 Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Allsup \$8,500.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
2. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Anders \$8,500.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
3. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Cooper \$17,000.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
4. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Duncan \$425,000.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
5. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Dr. David Eaton, Ph.D. & Anne Eaton \$351,900.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
6. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Dr. William Fisher & Marilyn Fisher \$34,000.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
7. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Foy \$8,500.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
8. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Lawrence Gilbert, successor Trustee to Robert Gilbert \$119,000.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
9. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Hostenske \$102,000.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the

Award is paid.

10. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to The Estate of Dr. Thomas Hoyt \$25,500.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
11. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Manuel \$17,000.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
12. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Okashima \$25,500.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
13. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Dr. John Pickel, M.D. \$42,500.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
14. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Philip and Marilyn Shapiro \$14,025.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
15. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Carl and Barbara Streng \$8,500.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
16. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Dr. Duane Stewart, Ph.D. \$99,400.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
17. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to The P&K Sullivan Nominee Trust – Paul J. Sullivan Successor Trustee \$119,000.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
18. Respondents Carbonara, Donadio, McGlynn, Thaker and TF & Company are jointly and severally liable for and shall pay to Anders \$93,500.00 in compensatory damages plus 9% per annum simple interest accruing from January 1, 2003 until the Award is paid.
19. All claims against Respondents Mosher, Lockwood and Pugliese are denied.

20. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Frank J. Lockwood Sr.'s registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Frank J. Lockwood Sr. must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Pursuant to Rule 2130, the arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous; and,

The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.

21. 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	= \$ 600.00
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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 persons at the time of the events giving rise to the dispute. Accordingly, NF Clearing f/k/a Fiserv Securities, Inc., is a party.

Member surcharge	= \$ 3,350.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,500.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

August 31, 2005, adjournment by NF Clearing	= \$ 1,200.00
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Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

Two (2) Pre-hearing conference sessions with Panel @ \$1,200.00 per session
Pre-hearing conferences: September 10, 2004 1 session = \$ 2,400.00
January 28, 2005 1 session

Twenty (20) Hearing sessions with Panel @ \$1,200.00 per session = \$24,000.00
August 30, 2005 2 sessions
September 1, 2005 2 sessions
September 7, 2005 2 sessions
September 8, 2005 2 sessions
October 14, 2005 2 sessions
November 21, 2005 1 session
November 22, 2005 3 sessions
November 23, 2005 2 sessions
June 21, 2006 2 sessions
June 22, 2006 2 sessions

Total Forum Fees \$26,400.00

1. The Panel has assessed \$26,400.00 of the forum fees jointly and severally against Respondents TF & Company, McGlynn, Donadio, Carbonara, and Thaker.

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 not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

1. Claimants requested duplication of 24 tapes at \$15.00 per tape = \$ 360.00

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Administrative Costs	= \$ 360.00
Total Fees	= \$ 960.00
Less payments	= \$ 1,800.00
Refund Due the Claimants	= \$ 840.00

2. Respondent NF Clearing is solely liable for:

Postponement Fee	= \$ 1,200.00
Member Fees	= \$ 9,600.00
Total Fees	= \$10,800.00
Less payments	= \$ 9,600.00
Balance Due NASD Dispute Resolution	= \$ 1,200.00

3. Respondents TF & Company, McGlynn, Donadio, Carbonara, and Thaker are jointly and severally liable for:

Forum Fees	= \$26,400.00
Total Fees	= \$26,400.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$26,400.00


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

ARBITRATION PANEL

George M. Bulow	-	Public Arbitrator, Presiding Chairperson
Ted M. Rosen, Esq.	-	Public Arbitrator
Philip Rachmelowitz, 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.


George M. Bulow
Public Arbitrator, Presiding Chairperson

7/6/06
Signature Date

Ted M. Rosen, Esq.
Public Arbitrator

Signature Date


Philip Rachmelovitz, Esq.
Non-Public Arbitrator

6/27/06
Signature Date

July 7, 2006

Date of Service (For NASD Dispute Resolution use only)