

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Jan-Eric Ramberg, Dr. Alberto Vasquez, Margot J. Vasquez, and Katherine Duff Rines as successor trustee of the John R. Rines Trust (Claimants) v. Sands Brothers & Co., Ltd., Martin Scott Sands, Steven Brett Sands, and Sands Brothers Group, LLC (Respondents)

Case Number: 03-09201

Hearing Site: New York, New York

Nature of the Dispute:

Customers v. Member, Non-Member, and Associated Persons. (Initial Claim)

Non-Member and Associated Persons v. Customers. (Counterclaim)

REPRESENTATION OF PARTIES

Claimants Jan-Eric Ramberg ("Ramberg"), Dr. Alberto Vasquez ("A. Vasquez"), Margot J. Vasquez ("M. Vasquez"), and Katherine Duff Rines as successor trustee of the John R. Rines Trust ("Rines") hereinafter collectively referred to as "Claimants": Norris D. Wolff, Esq., Kleinberg, Kaplan, Wolff, & Cohen, P.C., New York, NY.

Respondent Sands Brothers & Co., Ltd. ("Sands Brothers & Co."), Martin Scott Sands ("M. Sands"), Steven Brett Sands ("S. Sands"), and Sands Brothers Group, LLC ("Sands Brothers Group"), hereinafter collectively referred to as "Respondents": Richard A. Roth, Esq., The Roth Law Firm, New York, NY.

By letters dated August 24, 2004 and September 1, 2004, Richard A. Roth, Esq. withdrew as counsel for Respondent Sands Brothers Group and informed us that Marc S. Koplik, Esq., Marc S. Koplik & Associates, New York, NY, was designated as the new counsel for Respondent Sands Brothers Group.

CASE INFORMATION

Statement of Claim filed on or about: December 31, 2003.

Reply to Counterclaims filed on or about: March 1, 2004.

Claimant Ramberg signed the Uniform Submission Agreement: December 28, 2003.

Claimant A. Vasquez signed the Uniform Submission Agreement: December 23, 2003.

Claimant M. Vasquez signed the Uniform Submission Agreement: December 23, 2003.

Claimant Rines signed the Uniform Submission Agreement: December 26, 2003.

Joint Statement of Answer and Motion to Dismiss filed by Respondents and Counterclaims filed by Respondents M. Sands, S. Sands, and Sands Brothers Group on or about: February 13, 2004.

Respondent S. Sands, individually and on behalf of Sands Brothers & Co. and Sands Brothers Group signed the Uniform Submission Agreement: February 12, 2004.

Respondent M. Sands signed the Uniform Submission Agreement: February 12, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; common law fraud; conversion and misappropriation of customer funds; securities fraud; and violation of Rule 2110 of NASD's Rules of Conduct, and other NASD rules. Unless specifically admitted in the Reply to the Counterclaims, Claimants denied the allegations made in the Counterclaims.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In their Counterclaims, M. Sands, S. Sands, and Sands Brothers Group asserted the following causes of action: breach of contract; fraud in the inducement; malicious prosecution; tortious interference with contractual relations; and tortious interference with prospective business relations.

RELIEF REQUESTED

Claimant requested:

1. Injunctive relief restraining and enjoining Respondents from transferring any assets of Sands Brothers & Co., Ltd. and Sands Brothers Group, LLC; and
2. An immediate accounting of the disposition of Claimants' \$2,150,000.00 investment; and
3. A monetary award against Respondents, jointly and severally, for \$2,150,000.00, plus 9% interest thereon from October 2001; and
4. An accounting to Claimants, and disgorgement of any profits, made by M. and S. Sands from the \$2,150,000.00 entrusted to them; and
5. Punitive damages in an amount to be determined by the Arbitration Panel;
6. The costs of this arbitration, including all filing and forum fees as well as reasonable attorneys' fees; and
7. Such other damages or equitable relief as the Arbitration Panel determines is fair and just.

Respondents requested that the Statement of Claim be dismissed in its entirety. In their Counterclaims, Respondents requested against Claimants compensatory damages in the amount of \$200,000.00 and compensatory damages in the amount of \$500,000.00; and in the alternative, Respondents requested against Katherine Duff Rines, as an individual, compensatory damages in the amount of \$500,000.00, plus compensatory damages in the

amount of \$1,000,000.00, and punitive damages in the amount of \$5,000,000.00; plus interest and costs.

OTHER ISSUES CONSIDERED AND DECIDED

By Order of the Supreme Court of the State of New York, County of New York dated January 13, 2004 Claimants and Respondents were directed to proceed with expedited arbitration hearings before the NASD at hearings to commence on such dates as the NASD shall order.

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.

AWARD

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

1. Respondents are jointly and severally liable for and shall pay Claimants damages in the amount of \$2,150,000.00 as follows:
 - a. The HSBC Escrow Account No. 610-78983-0 in the name of Sands Brothers Group, LLC, is permanently enjoined until this award is satisfied except, it is ordered that the entire balance in Account No. 610-78983-0 shall be distributed immediately in the following percentages to the Claimants:

Jan-Eric Ramberg	18.6%
Katherine Duff Rines as successor trustee of the John R. Rines Trust	46.5%
Alberto and Margot J. Vasquez	34.9%
 - b. Respondents are jointly and severally liable and shall pay to Claimants (in the percentages stated below) the balance remaining between \$2,150,000.00 and the final amount distributed in paragraph 1(a) as follows:

Jan-Eric Ramberg	18.6%
Katherine Duff Rines as successor trustee of the John R. Rines Trust	46.5%
Alberto and Margot J. Vasquez	34.9%
2. When the above award is fully satisfied, the Claimants' investment interest in Sands Brothers Group, LLC shall be transferred, pro rata, to the parties who satisfied the balance of the award ordered in paragraph 1(b).
3. The Counterclaims (including those brought in the alternative against Katherine Rines, as an individual) of Respondents M. Sands, S. Sands, and Sands Brothers Group, LLC

are denied in their entirety.

2. 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	= \$ 500.00
Counterclaim filing fee	= \$2,500.00

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, Sands Brothers & Co., Ltd. is a party.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,500.00

Forum Fees and Assessments

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

Three (3) Pre-hearing sessions with Panel @ \$1,200.00	= \$ 3,600.00
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Pre-hearing conferences:	January 29, 2004	1 session
	April 5, 2004	1 session
	June 9, 2004	1 session

Nineteen (19) Hearing sessions @ \$1,200.00	= \$22,800.00
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Hearing Dates:	February 24, 2004	1 session
	May 24, 2004	1 session
	May 25, 2004	2 sessions
	May 26, 2004	2 sessions
	May 27, 2004	2 sessions
	June 23, 2004	1 session
	July 14, 2004	2 sessions
	July 15, 2004	2 sessions
	July 28, 2004	2 sessions
	July 29, 2004	1 session

	July 30, 2004	1 session	
	August 17, 2004	2 sessions	
Total Forum Fees			= \$26,400.00

1. The Panel has assessed \$26,400.00 of the forum fees jointly and severally against all Respondents.

Fee Summary

1. Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 5,000.00
<u>Refund Due Claimants</u>	= \$ 4,500.00

2. Respondent Sands Brothers & Co. is solely liable for:

<u>Member Fees</u>	= \$ 9,050.00
<u>Total Fees</u>	= \$ 9,050.00
<u>Less payments</u>	= \$ 9,050.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

3. Respondents Sands Brothers Group, M. Sands, and S. Sands are jointly and severally liable for:

<u>Counterclaim Filing Fee</u>	= \$ 2,500.00
<u>Total Fees</u>	= \$ 2,500.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 2,500.00

4. Respondents are jointly and severally liable for:

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

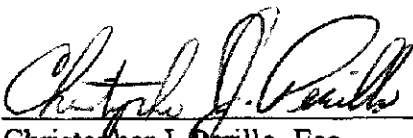
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Christopher J. Perillo, Esq.	-	Public Arbitrator, Presiding Chairperson
Charles Kleinbaum, Esq.	-	Public Arbitrator
Louis Wald, 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 is which is my award.



Christopher J. Perillo, Esq.
Public Arbitrator, Presiding Chairperson

9/3/04
Signature Date

Charles Kleinbaum, Esq.
Public Arbitrator

Signature Date

Louis Wald, Esq.
Non-Public Arbitrator

Signature Date

September 9, 2004

Date of Service (For NASD Dispute Resolution use only)

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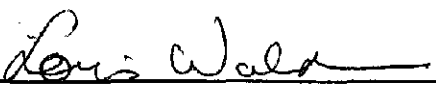
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9/1/04

Signature Date

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