

Modified Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Purshe Kaplan Sterling Investments (Claimant) v. Oppenheimerfunds Distributor, Inc.
(Respondent)

Case Number: 04-00412

Hearing Site: Albany, New York

Nature of the Dispute: Member vs. Member.

REPRESENTATION OF PARTIES

Claimant Purshe Kaplan Sterling Investments ("PKS") hereinafter referred to as "Claimant":
David M. Purcell, Esq., Purshe Kaplan Sterling Investments, Albany, NY.

Respondent Oppenheimerfunds Distributor, Inc. ("OFDI") hereinafter referred to as
"Respondent": Nicholas J. Donohue, Esq., Donohue, McGahan & Catalano, Jericho, NY.

CASE INFORMATION

Statement of Claim filed on or about: January 19, 2004.

Claimant signed the Uniform Submission Agreement: January 21, 2004.

Statement of Answer filed by Respondent on or about: March 15, 2004.

Respondent signed the Uniform Submission Agreement: March 10, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: failure to comply with a written settlement agreement in connection with a prior NASD arbitration.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim.

RELIEF REQUESTED

Claimant requested a money judgment for all shortages in payments from the date OFDI stopped payments to the date the Quest Fund ceased to be part of the New York State Deferred Compensation Plan in the approximate amount of \$42,500.00; interest; punitive damages based on OFDI's failure to comply with the provisions of a Stipulation of Settlement of a prior

arbitration proceeding, and its violation of Rule 2110, and bad faith, in the approximate amount of \$127,500.00; forum fees in the amount of \$3,825.00; other expenses, including witness fees, transcription fees, deposition fees, and reasonable travel expenses; and such other and further relief as to the Panel may seem just and appropriate.

Respondent requested that Claimant's claim be dismissed; attorneys' fees, expenses, and costs; and such other and further relief as the Panel might deem appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

In the initial Award, the Panel awarded Claimant, Purshe Kaplan Sterling Investments ("PKS") a money judgment equal to the amount that Oppenheimerfunds Distributor, Inc. ("OFDI") owes PKS for the first quarter of 2003 pursuant to the Stipulation Agreement between PKS and OFDI dated 10-2-02. That amount is calculated based upon either 10 basis points or 20 basis points, reflecting an asset based sales charge and service fee as outlined in the Stipulation Agreement.

The Panel directed OFDI to bear the burden of establishing whether such first quarter 2003 payment has been made to PKS in full. In the event that OFDI is unable to establish that it has paid PKS the monies owed and due to it for the first quarter of 2003 pursuant to the Stipulation Agreement between PKS and OFDI dated 10-2-02, then OFDI shall pay PKS the monies owed and due to it for the first quarter of 2003. To determine whether this amount is calculated based upon 10 or 20 basis points, the parties are each directed to provide the Panel with the basis for the fees paid (the calculation) by OFDI to PKS for the 4th Quarter of 2002 which have been paid to PKS by OFDI (evidence of such 4th quarter 2002 fee payment having been entered into evidence as Claimant's Exhibit O).

In the event that OFDI is unable to establish that it has paid PKS the monies owed and due to it for the first quarter of 2003 pursuant to the Stipulation Agreement between PKS and OFDI dated 10-2-02, then in addition to the monies owed by OFDI to PKS, OFDI shall pay PKS interest on these monies as allowed by law, starting from the end of the first quarter 2003 until the payment is made by OFDI to PKS.

By letters dated February 3, 2005, February 14, 2005, and February 17, 2005, the parties notified NASD Dispute Resolution that they were unable to provide the Panel with the information requested in the Award. The Panel determined that a Modified Award was necessary and awarded the damages listed below.

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. Respondent is liable for and shall pay to Claimant damages in the amount of \$7,175.68, plus interest calculated at the legal interest rate from the end of the first quarter of 2003 through the date of payment of the award.
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 = \$1,000.00

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 person at the time of the events giving rise to the dispute. Accordingly, Purshe Kaplan Sterling Investments is a party.

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

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. Accordingly, Oppenheimerfunds Distributor, Inc. is a party.

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

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:

One (1) Pre-hearing session with Panel @ \$1,125.00 = \$1,125.00
Pre-hearing conference: June 3, 2004 1 session

Two (2) Hearing sessions @ \$1,125.00 = \$2,250.00
Hearing Date: January 11, 2005 2 sessions

Total Forum Fees = \$3,375.00

1. The Panel has assessed \$1,687.50 of the forum fees against Claimant.
2. The Panel has assessed \$1,687.50 of the forum fees against Respondent.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$1,000.00
Member Fees	= \$5,200.00
Forum Fees	= \$1,687.50
Total Fees	= \$7,887.50
<u>Less payments</u>	<u>= \$7,851.50</u>
Balance Due NASD Dispute Resolution	= \$ 36.00

2. Respondent is solely liable for:

Member Fees	= \$5,200.00
Forum Fees	= \$1,687.50
Total Fees	= \$6,887.50
<u>Less payments</u>	<u>= \$5,200.00</u>
Balance Due NASD Dispute Resolution	= \$1,687.50

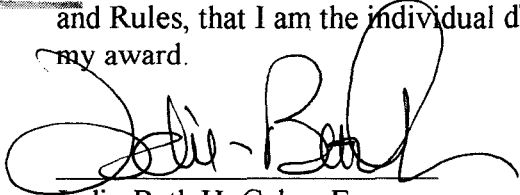
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Jodie-Beth H. Galos, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
Donald T. Converse	-	Non-Public Arbitrator
James M. Beverley	-	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.



Jodie-Beth H. Galos, Esq.
Non-Public Arbitrator, Presiding Chairperson

2-28-05

Signature Date

Donald T. Converse
Non-Public Arbitrator

Signature Date

James M. Beverley
Non-Public Arbitrator

Signature Date

March 16, 2005

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Jodie-Beth H. Galos, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
Donald T. Converse	-	Non-Public Arbitrator
James M. Beverley	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

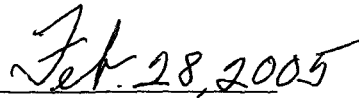
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Jodie-Beth H. Galos, Esq.
Non-Public Arbitrator, Presiding Chairperson



Donald T. Converse
Non-Public Arbitrator

Signature Date



Signature Date

James M. Beverley
Non-Public Arbitrator

Signature Date

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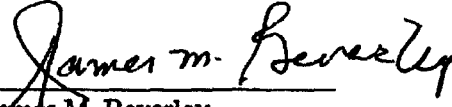
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Jodie-Beth H. Galos, Esq.
Non-Public Arbitrator, Presiding Chairperson

Signature Date

Donald T. Converse
Non-Public Arbitrator

Signature Date



James M. Beverley
Non-Public Arbitrator

3-16-2005

Signature Date

March 16, 2005

Date of Service (For NASD Dispute Resolution use only)