

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Soterios S. Tsoflias (Claimant) v. Merrill Lynch, Pierce, Fenner & Smith, Inc., Kent D. Hageman, Karl A. Kniely, and Ronald J. Longoria (Respondents)

Case Number: 04-02028

Hearing Site: Cleveland, Ohio

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

REPRESENTATION OF PARTIES

Claimant Soterios S. Tsoflias hereinafter referred to as ("Claimant"): Lawrence J. Scanlon, Esq., Scanlon & Co., L.L.C. Akron, OH.

Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch"), Kent D. Hageman ("Hageman"), Karl A. Kniely ("Kniely"), and Ronald J. Longoria ("Longoria") hereinafter collectively referred to as ("Respondents"): Joshua R. Cohen, Esq., Cohen Rosenthal & Kramer, LLP Cleveland, OH.

CASE INFORMATION

Statement of Claim filed on or about: March 23, 2004.

Claimant signed the Uniform Submission Agreement: March 22, 2004.

Joint Statement of Answer filed by Respondents on or about: June 22, 2004.

Hageman signed the Uniform Submission Agreement: July 20, 2004.

Merrill Lynch did not sign the Uniform Submission Agreement.

Kniely did not sign the Uniform Submission Agreement.

Longoria did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: unsuitability and failure to supervise. The causes of action relate to unspecified technology stocks.

Unless specifically admitted in their Answer, Respondents denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$150,000.00, punitive damages in the amount of \$350,000.00, attorneys' fees, costs, other expenses, and all other legal or equitable

relief as the Panel deems appropriate.

Respondents requested dismissal of the Statement of Claim in its entirety, expungement of all references to this arbitration from the CRD records of Hageman, Kniely and Longoria, costs, attorneys' fees and such other relief the Panel deems just and equitable.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Merrill Lynch, Kniely and Longoria did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the Code and, having answered the claim, are bound by the determination of the Panel on all issues submitted.

On or about July 21, 2004, Claimant notified NASD Dispute Resolution ("NASD-DR") that he agreed to dismiss with prejudice the claims against Longoria.

On or about April 18, 2005, Claimant notified NASD-DR that this case was settled and on May 3, 2005, NASD-DR closed the case and removed it from the docket.

On or about September 28, 2005, the parties submitted a joint Motion to Re-Open the case and enter a Stipulated Award. After due deliberation, the Panel granted the Motion. The parties submitted their Stipulated Award on February 24, 2006.

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

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. Claimant's claims are dismissed in their entirety with prejudice.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Kent D. Hageman's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Kent D. Hageman must obtain confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Karl A. Kniely's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices

to Members 99-09 and 99-54, Karl A. Kniely must obtain confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.

4. The Panel recommends the expungement of all reference to the above captioned arbitration from Ronald J. Longoria's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Ronald J. Longoria must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
5. Each party shall bear its own costs and expenses associated with this arbitration.
6. 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	= \$ 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(s) at the time of the events giving rise to the dispute. In this matter, the member firm Merrill Lynch, Pierce, Fenner & Smith, Inc. is a party.

Member Surcharge	= \$ 1,700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 2,750.00</u>
Total Member Fees	= \$ 5,200.00

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:

April 19, 20 & 21, 2005 settlement by Claimant and Respondents	= \$ 300.00
Claimant's share	= \$ 75.00
Merrill Lynch's share	= \$ 75.00
Hageman's share	= \$ 75.00
Kniely's share	= \$ 75.00

Forum Fees and Assessments

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

Two (2) Pre-hearing conference sessions with the Panel @ \$1,125.00/session	= \$ 2,250.00
Pre-hearing conferences: October 4, 2004 1 session	
December 7, 2005 1 session	
Total Forum Fees	= \$ 2,250.00

1. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Claimant has assessed \$281.25 of the forum fees for the pre-hearing conference held on October 4, 2004.
2. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Merrill Lynch has been assessed \$281.25 of the forum fees for the pre-hearing conference held on October 4, 2004.
3. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Hegeman has been assessed \$281.25 of the forum fees for the pre-hearing conference held on October 4, 2004..
4. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Kniely has been assessed \$281.25 of the forum fees for the pre-hearing conference held on October 4, 2004.
5. Per the Panel's December 8, 2005 Order, Merrill Lynch is assessed \$1,125.00 of the forum fees for the Pre-hearing conference held on December 7, 2005.

Fee Summary

1. Claimant is solely liable for:	
Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 1,125.00
Three-Day Cancellation Fee	= \$ 75.00
Total Fees	= \$ 1,500.00
Less payments	= \$ 1,485.00
Balance Due NASD Dispute Resolution	= \$ 15.00

Pursuant to Rule 10332(f) of the Code of Arbitration Procedure, NASD is retaining the total amount of the hearing session deposited by the Claimant because this office was notified by the parties that they settled within eight business days of the first scheduled hearing session.

2. Merrill Lynch is solely liable for:	
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 1,406.25
Three-Day Cancellation Fee	= \$ 75.00
Total Fees	= \$ 6,681.25

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<u>Less payments</u>	= \$	6,340.00
Balance Due NASD Dispute Resolution	= \$	341.25

3. Hagemen is solely liable for:

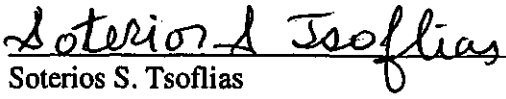
Forum Fees	= \$	281.25
<u>Three-Day Cancellation Fee</u>	= \$	75.00
Total Fees	= \$	356.25
<u>Less payments</u>	= \$	0.00
Balance Due NASD Dispute Resolution	= \$	356.25

4. Kniely is solely liable for:

Forum Fees	= \$	281.25
<u>Three-Day Cancellation Fee</u>	= \$	75.00
Total Fees	= \$	356.25
<u>Less payments</u>	= \$	0.00
Balance Due NASD Dispute Resolution	= \$	356.25

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

Parties' Signatures


Soterios S. Tsoflias
Claimant

5/13/05
Date

Merrill Lynch, Pierce, Fenner & Smith, Inc.
Respondent

Date

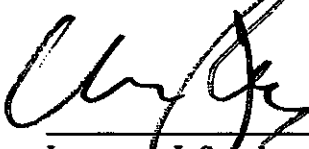
Kent D. Hageman
Respondent

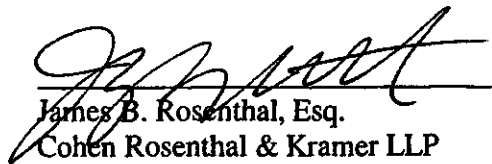
Date

Karl A. Kniely
Respondent

Date

Attorneys for Parties Signatures

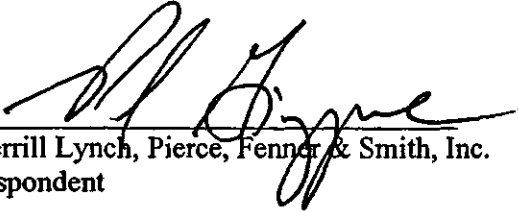

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Cleveland, Ohio 44113
Tel. (216) 781-7956
Tel. (216) 781-8061

Parties' Signatures

Soterios S. Tsoflias
Claimant

Date



Merrill Lynch, Pierce, Fenner & Smith, Inc.
Respondent

Date

2/23/06

Kent D. Hageman
Respondent

Date

Karl A. Kniely
Respondent

Date

Attorneys for Parties Signatures

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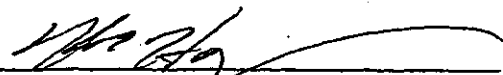
Parties' Signatures

Soterios S. Tsoflias
Claimant

Date

Merrill Lynch, Pierce, Fenner & Smith, Inc.
Respondent

Date



Kent D. Hageman
Respondent

5/24/05
Date



Karl A. Kniely
Respondent

5/18/2005
Date

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ARBITRATION PANEL

Elmer G. Cowan, Esq.	-	Public Arbitrator, Presiding Chair
I. Bernard Trombetta, Esq.	-	Public Arbitrator
James E. Zimmerman, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Elmer G. Cowan, Esq.
Public Arbitrator, Presiding Chair

MAR - 8 2006

Signature Date

I. Bernard Trombetta, Esq.
Public Arbitrator

Signature Date

James E. Zimmerman, Esq.
Non-Public Arbitrator

Signature Date

March 15, 2006
Date of Service (For NASD office use only)

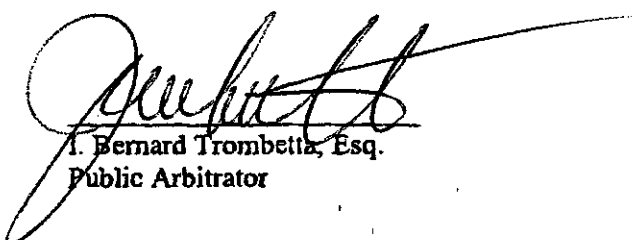
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Concurring Arbitrators' Signatures

Elmer G. Cowan, Esq.
Public Arbitrator, Presiding Chair

Signature Date



I. Bernard Trombetta, Esq.
Public Arbitrator

3-08-06

Signature Date



James E. Zimmerman, Esq.
Non-Public Arbitrator

3/08/06

Signature Date

March 15, 2006

Date of Service (For NASD office use only)