

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Purshe Kaplan Sterling Investments (Claimant) v. Fred Alger & Company, Inc. (Respondent)

Case Number: 04-02291

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 Fred Alger & Company, Inc. ("Alger") hereinafter referred to as "Respondent":
Mark. W. Lerner, Esq., Kasowitz, Benson, Torres & Friedman, LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: April 2, 2004.

Claimant signed the Uniform Submission Agreement: March 31, 2004.

Statement of Answer and Counterclaim filed by Respondent on or about: July 2, 2004.

Respondent signed the Uniform Submission Agreement: July 15, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract; failure to comply with a contract for payment of commissions as consideration for the solicitation of mutual fund business; and violation of Rule 2110.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim. In its Counterclaim, Respondent asserted the following causes of action: Claimant failed to return fees to Respondent that was provided to it in error.

RELIEF REQUESTED

Claimant requested a monetary judgment for all shortages in payments from the date Alger stopped payments to present in the approximate amount of \$50,000.00; an order directing Alger to continue to pay Claimant 25 basis points (0.25%) per annum, of the total amount under

management, for so long as any account with the New York State Deferred Compensation Plan continues to be managed by Alger; interest; punitive damages in the amount of \$150,000.00; filing fees, arbitration fees, and other expenses, including witness fees, transcription fees, deposition fees, and reasonable travel expenses; and such other and further relief as the Panel may seem just and appropriate.

Respondent requested that the Panel dismiss this proceeding with prejudice; award Respondent compensatory damages, punitive damages, costs, interest, and attorneys' fees; and such other and further relief as the Panel may deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

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, the testimony and evidence presented at the hearing, and the post-hearing submissions, 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 Claimant 12.5 basis points on the total assets under management in the New York State Deferred Compensation Plan.
 - a. These payments are retroactive to the third quarter of 2003 and shall continue, on a quarterly basis, for five years from that time ("payment period").
 - b. At the end of the payment period, Respondent will no longer be held accountable.
 - c. During the payment period, Respondent is to provide Claimant details with regard to the amount of the assets that are under management.
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
Counterclaim filing fee	= \$ 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 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, Fred Alger & Company, 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: September 7, 2004 1 session

Six (6) Hearing sessions @ \$1,125.00 = \$6,750.00

Hearing Dates: December 13, 2004 2 sessions
December 14, 2004 2 sessions
December 15, 2004 2 session2

Total Forum Fees = \$7,875.00

1. The Panel has assessed \$3,937.50 of the forum fees to Claimant.
2. The Panel has assessed \$3,937.50 of the forum fees to Respondent.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 3,937.50
Total Fees	= \$10,137.50
Less payments	= \$ 7,325.00
Balance Due NASD Dispute Resolution	= \$ 2,812.50

2. Respondent is solely liable for:

Counterclaim Filing Fee	= \$ 500.00
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 3,937.50
Total Fees	= \$ 9,637.50
Less payments	= \$ 6,700.00
Balance Due NASD Dispute Resolution	= \$ 2,937.50

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

ARBITRATION PANEL

Leonard Morton Ginsberg	-	Non-Public Arbitrator, Presiding Chairperson
Marc R. Green, Esq.	-	Non-Public Arbitrator
C. Henry Lucas, MBA	-	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.



Leonard Morton Ginsberg
Non-Public Arbitrator, Presiding Chairperson



Signature Date

Marc R. Green, Esq.
Non-Public Arbitrator

Signature Date

C. Henry Lucas, MBA
Non-Public Arbitrator

Signature Date

January 26, 2005
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Leonard Morton Ginsberg
Marc R. Green, Esq.
C. Henry Lucas, MBA

- Non-Public Arbitrator, Presiding Chairperson
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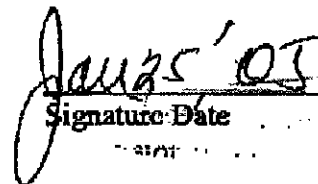
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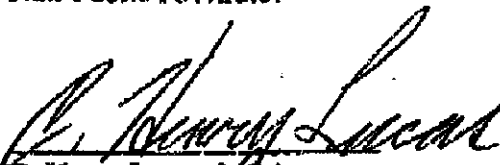
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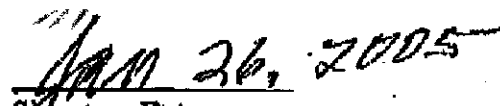
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