

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of Claimant / Counter-Respondent

Charles P. Hammersmith, Jr.

vs.

Names of Respondents / Counter-Claimants / Third-Party Claimants

Leerink Swann & Company,
Jeffrey Alan Leerink,
Timothy Daniel Skelly, and
Peter Francis Flynn

Case Number: 04-02773
Hearing Site: Chicago, Illinois

vs.

Names of Third-Party Respondents

Mesirow Financial, Inc. and John A. Kuhlman

NATURE OF THE DISPUTE

Customer vs. Members and Associated Persons

REPRESENTATION OF PARTIES

Charles P. Hammersmith, Jr. ("Claimant" or "Hammersmith") was represented by Nancy L. Hendrickson, Esq., Gardner, Carton & Douglas, LLP, Chicago, Illinois.

Leerink Swann & Company ("Leerink Swann"), Jeffrey Alan Leerink ("Leerink"), Timothy Daniel Skelly ("Skelly"), and Peter Francis Flynn ("Flynn") were represented by Michael A. Collora, Esq., Dwyer & Collora, LLP, Boston, Massachusetts.

Mesirow Financial, Inc. ("Mesirow") and John A. Kuhlman ("Kuhlman") were represented by Lisa L. Tharpe, Esq., Foley & Lardner, LLP, Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about April 14, 2004. The Submission Agreement of Claimant, Charles P. Hammersmith, Jr., was signed on or about April 13, 2004. On or

about December 30, 2005, Claimant filed a Response to Respondents' Motion for Leave to File an Amended Counterclaim. On or about January 3, 2006, Claimant filed a Response to Respondents' Motion for Leave to File an Amended Third-Party Claim.

The Statement of Answer and Counterclaim was filed by Respondents, Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, on or about June 7, 2004. The Submission Agreement of Respondent, Leerink Swann & Company, was signed on or about May 5, 2004. The Submission Agreement of Respondent, Jeffrey Alan Leerink, was signed on or about June 8, 2004. The Submission Agreement of Respondent, Timothy Daniel Skelly, was signed on or about June 8, 2004. The Submission Agreement of Respondent, Peter Francis Flynn, was signed on or about June 8, 2004. Respondents' Motion for Leave to File and Amended Counterclaim was filed on or about December 14, 2005. Respondents' Motion for Leave to File a Third-Party Claim was filed on or about December 14, 2005. Respondents' Reply to Claimant's Opposition to the Motion for Leave to File a Third-Party Claim was filed on or about January 6, 2006. The Amended Answer and Counterclaim was filed by Respondents, Leerink Swan, Leerink, Skelly, and Flynn on or about January 11, 2006. The Third-Party Claim was filed by Respondents, Leerink Swan, Leerink, Skelly, and Flynn on or about January 11, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; common law fraud and deceit; constructive fraud; aiding and abetting fraud; breach of contract; negligent supervision; and vicarious liability. The causes of action related a loan transaction. Claimant alleged that Respondents participated in a scheme to defraud Claimant. Claimant alleged that the scheme began with a loan transaction arranged by Leerink Swann clients David Weinreb and International Mercantile Holding Group, Inc. ("IMHG"). Claimant alleged that Weinreb, acting through IMHG, induced Hammersmith to pledge securities as collateral for a purported loan to Hammersmith. Claimant alleged that instead of providing him with an actual loan or holding the pledged securities as collateral, Weinreb and IMHG liquidated the pledged securities almost immediately after he gained control of them. Claimant alleged that Leerink Swann helped Weinreb orchestrate the fraud by arranging for and supervising the transfer and liquidation of Claimant's securities.

Unless specifically admitted in their Amended Answer, Respondents, Leerink Swan, Leerink, Skelly, and Flynn, denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant's claims are barred in whole or in part by the doctrine of unclean hands; Claimant's claims are barred in whole or in part by the doctrine of estoppel; Claimant's claims are barred in whole or in part by Claimant's own agents' contributory negligence; Claimant's claims are barred in whole or in part by the doctrine of waiver; Claimant's claims are barred in whole or in part because Respondents acted in good faith and without malice; Claimant's claims are barred in whole or in part because Claimant's damages were not proximately caused by any conduct on

the part of Respondents; and Claimant failed to state a claim upon which relief can be granted.

In their Counterclaim, Respondents, Leerink Swan, Leerink, Skelly, and Flynn, asserted the following causes of action: declaratory relief; prima facie tort; malicious prosecution; and expungement. Respondents alleged that the claim brought by Hammersmith is factually impossible, clearly erroneous, and false. Moreover, Respondent alleged that they were not involved in any alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds. Respondents alleged that they acted at all times in Hammersmith's best interest. Respondents also alleged that the securities that Hammersmith transferred to IMHG arrived in the IMHG Account without a pledge agreement restricting their sale and were journaled in IMHG's name. Upon information and belief, per the pledge agreement between IMHG and Hammersmith, IMHG had the authority to sell the securities transferred by Hammersmith to the IMHG Account.

Unless specifically admitted in his Answer to the Counterclaim, Hammersmith denied the allegations made in the Counterclaim and asserted affirmative defenses including the following: Respondents' Counterclaim is barred in whole or in part by the doctrine of unclean hands; Respondents' Counterclaim is barred in whole or in part by the doctrine of estoppel; Respondents' Counterclaim is barred in whole or in part by the Respondents failure to comply with applicable NASD rules, as set forth in Hammersmith's Statement of Claim; Respondents' Counterclaim is barred in whole or in part by Respondents breach of their fiduciary duties to Hammersmith; Respondents' Counterclaim is barred in whole or in part by Respondents due to their breach the duty of good faith and fair dealing; and Respondents' Counterclaim failed to state a claim upon which relief can be granted.

In their Third-Party Claim, Leerink Swan, Leerink, Skelly, and Flynn, asserted the following causes of action: contribution; indemnification; and unjust enrichment. The causes of action related to the loan agreement with IMHG, Mesirow and Kuhlman. Third-Party Claimants alleged that IMHG, Mesirow, and Kuhlman owed a contractual and fiduciary duty to Hammersmith. In addition, they alleged that IMHG, Mesirow, and Kuhlman were negligent, proximately caused the alleged injuries of Hammersmith, and that if Leerink Swan, Leerink, Skelly, and Flynn are found liable, they are entitled to contribution and indemnification from Mesirow and Kuhlman.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$ 2,000,000.00
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified

Other Monetary Relief

Unspecified

Respondents, Leerink Swan, Leerink, Skelly, and Flynn, requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

In the Counterclaim, Leerink Swan, Leerink, Skelly, and Flynn, requested an award in the amount of:

Actual/Compensatory Damages	Unspecified
Exemplary/Punitive Damages	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified
Other Non-Monetary Relief	Unspecified
Expungement	
Declaratory Judgment	

Claimant requested that the claims asserted against him be denied in their entirety and that he be awarded his costs and attorneys' fees.

In the Third-Party Claim, Leerink Swan, Leerink, Skelly, and Flynn, requested an award in the amount of:

Actual/Compensatory Damages	\$2,000,000.00
Exemplary/Punitive Damages	Unspecified
Attorneys' Fees	Unspecified
Interest	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

OTHER ISSUES CONSIDERED & DECIDED

Third-Party Respondents, Mesirow Financial, Inc. and John A. Kuhlman, did not file with the NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the Code and, having appeared and testified at the prehearings, are bound by the determination of the Panel on all issues submitted.

On or about January 11, 2006, the Panel granted Respondents' Motion for Leave to File an Amended Counterclaim and Motion to File a Third-Party Claim.

The Third-Party Respondents, Mesirow and Kuhlman, received an extension to file their Answer from Third-Party Claimants due on or before April 28, 2006.

On or about April 26, 2006, the parties notified NASD that they had been settled pending final preparation of the Settlement Agreement to be filed by Joint Motion.

On or about May 16, 2006, the parties submitted a Joint Motion to Enter Stipulated Award and Respondents' Memorandum in Support of Joint Motion to Enter Stipulated Award.

On or about July 5, 2006, Respondents, Leerink, Skelly, and Flynn, filed a Motion to Enforce Terms of Stipulated Settlement.

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 the evidence presented at the prehearings, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Pursuant to the parties' settlement agreement, Claimant's claims, each and all, are hereby denied and dismissed with prejudice;
- 2.) Pursuant to the parties' settlement agreement, the Counterclaim and Third-Party Claim of Respondents, Leerink Swan, Leerink, Skelly, and Flynn, are hereby denied and dismissed with prejudice;
- 3.) The Panel recommends the expungement of all references to the above captioned arbitration from Respondents, Jeffrey Alan Leerink's, Timothy Daniel Skelly's, and Peter Francis Flynn's, registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, 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 Panel has made the following affirmative findings of fact:

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

funds.

- 4.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 5.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

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	= \$ 2,000.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firms are Leerink Swann & Company and Mesirow Financial, Inc.

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

Adjournment Fees

Adjournments granted during these proceedings:

June 27-30, 2005 and July 11-15, 2005, adjournment requested jointly by the parties	= \$ 1,200.00
February 6-10, 2006, adjournment requested by the Claimant	= \$ 1,200.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing 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:

One (1) Decision on a discovery-related motion on the papers
with one (1) arbitrator @ \$200.00 = \$ 200.00

Four (4) Pre-hearing sessions with Panel x \$1,200.00 = \$ 4,800.00

Pre-hearing conferences: October 22, 2004 1 session
April 26, 2006 1 session
June 12, 2006 1 session
July 10, 2006 1 session

Total Forum Fees = \$ 5,000.00

The Panel has assessed \$2,500.00 of the forum fees to Charles P. Hammersmith, Jr.

The Panel has assessed \$1,300.00 of the forum fees jointly and severally to Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn.

The Panel has assessed \$1,200.00 of the forum fees jointly and severally to Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, Peter Francis Flynn, John A. Kuhlman, and Mesirow Financial, Inc.

FEE SUMMARY

Claimant, Charles P. Hammersmith, Jr., is liable for:

Initial Filing Fee	= \$ 500.00
Adjournment Fee	= \$ 1,200.00
Forum Fees	= \$ 2,500.00
Total Fees	= \$ 4,200.00
Less payments	= \$ 2,900.00
Balance Due NASD Dispute Resolution	= \$ 1,300.00

Respondent, Leerink Swann & Company, is liable for:

Member Fees	= \$ 8,550.00
Total Fees	= \$ 8,550.00
Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Mesirow Financial, Inc, is liable for:

Member Fees	= \$ 8,550.00
Total Fees	= \$ 8,550.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 8,550.00

Respondents, Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 2,000.00
Adjournment Fee	= \$ 1,200.00
Forum Fees	= \$ 1,300.00
Total Fees	= \$ 4,500.00
Less payments	= \$ 2,700.00
Balance Due NASD Dispute Resolution	= \$ 1,800.00

Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, Mesirow Financial, Inc. and John A. Kuhlman, and are jointly and severally liable for:

Forum Fees	= \$ 1,200.00
Total Fees	= \$ 1,200.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,200.00

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

ARBITRATION PANEL

Kenneth N. Adamson, Esq. - Public Arbitrator, Presiding Chair
Michael S. Matek, Esq. - Public Arbitrator
Steven Samson, Esq. - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Kenneth N. Adamson, Esq.
Kenneth N. Adamson, Esq.
Public Arbitrator, Presiding Chair

November 14, 2006
Signature Date

/s/ Michael S. Matek, Esq.
Michael S. Matek, Esq.
Public Arbitrator

November 27, 2006
Signature Date

/s/ Steven Samson, Esq.
Steven Samson, Esq.
Non-Public Arbitrator

November 14, 2006
Signature Date

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

Respondents, Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 2,000.00
Adjournment Fee	= \$ 1,200.00
Forum Fees	= \$ 1,300.00
Total Fees	= \$ 4,500.00
Less payments	= \$ 2,700.00
Balance Due NASD Dispute Resolution	= \$ 1,800.00

Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, Mesirow Financial, Inc. and John A. Kuhlman, and are jointly and severally liable for:

Forum Fees	= \$ 1,200.00
Total Fees	= \$ 1,200.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,200.00

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

ARBITRATION PANEL

Kenneth N. Adamson, Esq. - Public Arbitrator, Presiding Chair
Michael S. Matek, Esq. - Public Arbitrator
Steven Samson, Esq. - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Kenneth N. Adamson
Kenneth N. Adamson, Esq.
Public Arbitrator, Presiding Chair

11/14/06
Signature Date

Michael S. Matek, Esq.
Michael S. Matek, Esq.
Public Arbitrator

Signature Date

Steven Samson, Esq.
Steven Samson, Esq.
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

Respondents, Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 2,000.00
Adjournment Fee	= \$ 1,200.00
Forum Fees	= \$ 1,300.00
Total Fees	= \$ 4,500.00
Less payments	= \$ 2,700.00
Balance Due NASD Dispute Resolution	= \$ 1,800.00

Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, Mesirow Financial, Inc. and John A. Kuhlman, and are jointly and severally liable for:

Forum Fees	= \$ 1,200.00
Total Fees	= \$ 1,200.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,200.00

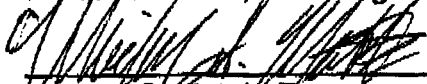
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Kenneth N. Adamson, Esq. - Public Arbitrator, Presiding Chair
Michael S. Matek, Esq. - Public Arbitrator
Steven Samson, Esq. - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Kenneth N. Adamson, Esq.
Public Arbitrator, Presiding Chair


Michael S. Matek, Esq.
Public Arbitrator

Signature Date

11-27-06
Signature Date

Steven Samson, Esq.
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

Respondents, Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 2,000.00
Adjournment Fee	= \$ 1,200.00
Forum Fees	= \$ 1,300.00
Total Fees	= \$ 4,500.00
Less payments	= \$ 2,700.00
Balance Due NASD Dispute Resolution	= \$ 1,800.00

Leerink Swann & Company, Jeffrey Alan Leerink, Timothy Daniel Skelly, and Peter Francis Flynn, Mesrow Financial, Inc. and John A. Kuhlman, and are jointly and severally liable for:

Forum Fees	= \$ 1,200.00
Total Fees	= \$ 1,200.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,200.00

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

ARBITRATION PANEL

Kenneth N. Adamson, Esq. - Public Arbitrator, Presiding Chair
Michael S. Matek, Esq. - Public Arbitrator
Steven Samson, Esq. - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Kenneth N. Adamson, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Michael S. Matek, Esq.
Public Arbitrator

Signature Date



Steven Samson, Esq.
Non-Public Arbitrator

11/14/06

Signature Date

Date of Service (For NASD office use only)