

REVISED STIPULATED AWARD
NASD Dispute Resolution

In the Matter of Arbitration Between:

Name of Claimant

JAMES M. PEDERSON

and

Names of Respondents

WASHINGTON SQUARE SECURITIES, INC. and
JAY KABAD

Case Number: 04-02906

Hearing Location: Houston, Texas

NATURE OF CASE

Customer v. Member and Associated Person

REPRESENTATION OF PARTIES

James M. Pederson ("Claimant") was represented by Brian E. Bro, Esq., The Law Offices of Brian Bro, Houston, Texas.

Washington Square Securities, Inc. ("Washington Square") and Jay Kabad ("Kabad"), hereinafter collectively referred to as "Respondents," were represented by Robert S. Duran, Jr., Esq., and Tonja De Sloover, Esq., Fulbright & Jaworski, L.L.P., Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about April 14, 2004. The Uniform Submission Agreement of Claimant was signed on or about April 8, 2004.

The Joint Statement of Answer was filed by Respondents on or about June 26, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: negligence; failure to supervise; failure to properly interview and profile Claimant; failure to advise Claimant what a sustainable withdrawal rate was; failure to recommend suitable investments; breach of fiduciary duties; violation of federal and state securities laws; and misrepresentation of the need for the second-to-die life insurance policy.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: comparative responsibility; estoppel; waiver; laches; statutes of limitation; and failure to mitigate.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory	\$132,960.00
Punitive/Exemplary	\$100,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs, attorneys' fees, and an expungement of Kabad's CRD record.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents, Washington Square Securities, Inc. and Kabad, did not file with the NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the prehearing are bound by the determination of the arbitration panel on all issues submitted.

The parties reached a settlement on January 13, 2005. Pursuant to the terms of the settlement and release agreement, the amount of the settlement is confidential.

Unless NASD specifically waives this requirement in writing, 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 arbitration panel has made the following affirmative finding of fact:

The claim, allegation, or information is false.

The parties have agreed that a single arbitrator may execute the Stipulated Award.

AWARD

After considering the parties' submissions and representations and making the finding of fact that the claim, allegation, or information is false, the undersigned arbitrator orders as follows:

- 1.) Claimant's claims, each and all are dismissed with prejudice pursuant to the parties' settlement agreement;
- 2.) That other than Forum Fees which are specified below, the parties shall bear their own costs and expenses incurred in this matter;

3.) The panel recommends the expungement of all reference to the above captioned arbitration from Respondent, Jay Kabad's registration records maintained by the NASD Central Registration Depository ("CRD") with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Kabad must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive; and

4.) 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	\$ 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 at the time of the events giving rise to the dispute. In this matter, the member firm is Washington Square Securities, Inc.

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

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of the scheduled hearing session:

January 17-19, 2005, settled by the parties	\$ 300.00
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Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session concluded. A hearing 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 the Panel x \$1,125.00	= \$ 1,125.00
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Pre-hearing conference: August 16, 2005 1 session
Total Forum Fees = \$ 1,125.00

The Panel has assessed \$562.50 of the forum fees to Claimant

The Panel has assessed \$562.50 of the forum fees jointly and severally to Washington Square Securities, Inc. and Kabad.

Pursuant to Rule 10332(g) of NASD Code of Arbitration Procedures: Any matter submitted and thereafter settled or withdrawn subsequent to the commencement of the first hearing session, including a pre-hearing conference with an arbitrator, shall be subject to an assessment of forum fees and costs incurred pursuant to Rules 10319, 10321, 10322, and 10326 based on hearing sessions held and scheduled within eight business days after the Association receives notice that the matter has been settled or withdrawn. The arbitrator(s) shall determine by whom such forum fees and costs shall be borne. As NASD Dispute Resolution received notice of the settlement within eight business days of the first scheduled hearing, \$562.50 of the Claimant's remaining hearing session deposit is retained.

Fee Summary

Claimant, James Pederson, is liable for:

Initial Filing Fee	\$ 300.00
Hearing Session Deposit Retained	\$ 562.50
Three-Day Cancellation	\$ 100.00
<u>Forum Fees</u>	<u>\$ 562.50</u>
Total Fees	\$ 1,525.00
<u>Less Payments</u>	<u>\$ 1,525.00</u>
Balance due NASD Dispute Resolution	\$ 0.00

Respondent, Washington Square Securities, Inc., is liable for:

Member Fees	\$ 5,200.00
<u>Three-Day Cancellation Fee</u>	<u>\$ 100.00</u>
Total Fees	\$ 5,300.00
<u>Less Payments</u>	<u>\$ 5,300.00</u>
Balance due NASD Dispute Resolution	\$ 0.00

Respondent, Jay Kabad, is liable for:

<u>Three-Day Cancellation Fee</u>	<u>\$ 100.00</u>
Total Fees	\$ 100.00
<u>Less Payments</u>	<u>\$ 100.00</u>
Balance due NASD Dispute Resolution	\$ 0.00

Respondents, Washington Square Securities, Inc. and Jay Kabad, are jointly and severally liable for:

<u>Forum Fees</u>	<u>\$ 562.50</u>
Total Fees	\$ 562.50
<u>Less Payments</u>	<u>\$ 650.00</u>
Refund due to Washington Square Securities, Inc.	\$ 87.50

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

ARBITRATOR

William Edward Buck – Public Arbitrator, Presiding Chair

Arbitrator:

/s/ William Edward Buck
William Edward Buck
Public Arbitrator, Presiding Chair

August 17, 2005
Signature Date

August 17, 2005
Date of Service (For NASD office use only)

Respondents, Washington Square Securities, Inc. and Jay Kabad, are jointly and severally liable for:

Forum Fees	\$ 562.50
Total Fees	\$ 562.50
Less Payments	\$ 650.00
Refund due to Washington Square Securities, Inc.	\$ 87.50

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

ARBITRATOR

William Edward Buck - Public Arbitrator, Presiding Chair

Arbitrator:

William Edward Buck

William Edward Buck
Public Arbitrator, Presiding Chair

8/17/05
Signature Date

Date of Service (For NASD office use only)