

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Edward T. McElwreath (Claimant) v. Refco Securities, LLC and Refco Group, Ltd.
(Respondents)

Case Number: 04-04351

Hearing Site: New York, New York

Nature of the Dispute: Associated Person vs. Member and Non-Member

REPRESENTATION OF PARTIES

Claimant Edward T. McElwreath hereinafter referred to as "Claimant": Sean F. O'Shea, Esq.,
Law Offices of Sean F. O'Shea, New York, NY.

Respondents Refco Securities, LLC ("Refco LLC") and Refco Group, Ltd. ("Refco Group")
hereinafter collectively referred to as "Respondents": Robert J. Ward, Esq., Mayer Brown Rome
& Maw, LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: June 21, 2004.

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

Joint Statement of Answer filed by Respondents on or about: September 24, 2004.

Respondent Refco LLC signed the Uniform Submission Agreement: September 22, 2004.

Respondent Refco Group signed the Uniform Submission Agreement: September 22, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract, including the implied
covenant of good faith and fair dealing, by refusing to pay the required 1% fee; promissory
estoppel; unjust enrichment and quantum meruit.

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

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of 1% of the value of the acquisition

of the Respondents that is believed to be at least \$22,500,000.00, attorney's fees and costs of this suit.

Respondents requested that Claimant's claims be denied in their entirety, and that they be awarded attorneys' fees, costs, and such other relief as may be just and appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearings, Respondents made a Motion for Summary Judgment. After due deliberation, the Panel denied this Motion.

During the hearings, Claimant made a Motion to declare that the hearings were closed as of August 5, 2005. After due deliberation, the Panel denied this Motion.

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. Respondents are jointly and severally liable for and shall pay to Claimant compensatory damages in the amount of \$3,250,000.00.
2. Any and all relief not specifically addressed herein, 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	= \$ 600.00
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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. Accordingly, Refco LLC is a party.

Member surcharge	= \$ 3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,500.00

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:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00	= \$ 900.00
Pre-hearing conferences: April 27, 2005	1 session
June 30, 2005	1 session

One (1) Pre-hearing session with Panel @ \$1,200.00	= \$ 1,200.00
Pre-hearing conference: December 6, 2004	1 session

Eighteen (18) Hearing sessions @ \$1,200.00	= \$ 21,600.00
Hearing Dates: July 13, 2005	2 sessions
July 14, 2005	2 sessions
July 15, 2005	2 sessions
July 20, 2005	2 sessions
July 21, 2005	2 sessions
July 22, 2005	2 sessions
August 3, 2005	2 sessions
August 4, 2005	2 sessions
August 5, 2005	2 sessions

Total Forum Fees	= \$ 23,700.00
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1. The Panel has assessed \$11,850.00 of the forum fees to Claimant
2. The Panel has assessed \$11,850.00 of the forum fees jointly and severally to Respondents.

Fee Summary

1. Claimant McElwreath is solely liable for:

Initial Filing Fee	= \$ 600.00
<u>Forum Fees</u>	<u>= \$ 11,850.00</u>
Total Fees	= \$ 12,450.00
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 10,650.00

2. Respondent Refco LLC is solely liable for:

<u>Member Fees</u>	<u>= \$ 10,000.00</u>
Total Fees	= \$ 10,000.00
<u>Less payments</u>	<u>= \$ 10,000.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents Refco LLC and Refco Group are jointly and severally liable for:

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<u>Forum Fees</u>	= \$11,850.00
<u>Total Fees</u>	= \$11,850.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$11,850.00

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

ARBITRATION PANEL

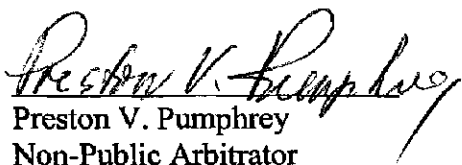
Marc R. Green, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
Preston V. Pumphrey	-	Non-Public Arbitrator
Thomas Caiaffa	-	Non-Public Arbitrator

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.

Marc R. Green, Esq.
Non-Public Arbitrator, Presiding Chairperson

Signature Date


Preston V. Pumphrey
Non-Public Arbitrator

September 9, 2005
Signature Date

Thomas Caiaffa
Non-Public Arbitrator

Signature Date

SEPTEMBER 9, 2005
Date of Service (For NASD Dispute Resolution use only)


ARBITRATION PANEL

Marc R. Green, Esq.
Preston V. Pumphrey
Thomas Caiaffa

- Non-Public Arbitrator, Presiding Chairperson
- Non-Public Arbitrator
- 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.



Marc R. Green, Esq.
Non-Public Arbitrator, Presiding Chairperson

Signature Date

Preston V. Pumphrey
Non-Public Arbitrator

Signature Date

Thomas Caiaffa
Non-Public Arbitrator

Signature Date

SEPTEMBER 9, 2005
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ARBITRATION PANEL

Marc R. Green, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
Preston V. Pumphrey	-	Non-Public Arbitrator
Thomas Caiassa	-	Non-Public Arbitrator

Consenting 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.

Marc R. Green, Esq.
Non-Public Arbitrator, Presiding Chairperson

Signature Date

Preston V. Pumphrey
Non-Public Arbitrator

Signature Date



Thomas Caiassa
Non-Public Arbitrator

9/8/05

Signature Date

SEPTEMBER 9, 2005

Date of Service (For NASD Dispute Resolution use only)