

Stipulated Award

NASD Dispute Resolution

In the Matter of the Arbitration Between:

Sheldon Blumberg, Lucille Blumberg, Penny Blumberg, Lauren Ann Roberts and Kelly Ann Roberts (Claimants) v. Ronald Sarno, Sr., Kirsten Monika Cody and Neal Albert Bohlman (Respondents)

Case Number: 04-05546

Hearing Site: New York, New York

Nature of the Dispute: Customer vs. Associated Persons.

REPRESENTATION OF PARTIES

Claimants Sheldon Blumberg ("S. Blumberg"), Lucille Blumberg ("L. Blumberg"), Penny Blumberg ("P. Blumberg"), Lauren Ann Roberts ("L. Roberts") and Kelly Ann Roberts ("K. Roberts") hereinafter collectively referred to as "Claimants": Randy Scott Zelin, Esq., Randy Scott Zelin, P.C., Westbury, NY.

Respondents Ronald Sarno, Sr. ("Sarno"), Kirsten Monika Cody ("Cody") hereinafter collectively referred to as "Respondents": Barry R. Temkin, Esq., Fiedelman Garfinkel & Lesman, New York, NY.

Respondent Neal Albert Bohlman ("Bohlman") appeared *pro se*. Previously represented by Barry R. Temkin, Esq., Fiedelman Garfinkel & Lesman, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: August 03, 2004.

Claimant S. Blumberg signed the Uniform Submission Agreement: September 1, 2004.

Claimant L. Blumberg signed the Uniform Submission Agreement: September 03, 2004.

Claimant P. Blumberg signed the Uniform Submission Agreement: September 2, 2004.

Claimant L. Roberts signed the Uniform Submission Agreement: August 25, 2004.

Claimant K. Roberts signed the Uniform Submission Agreement: August 25, 2004.

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

Respondent Sarno signed the Uniform Submission Agreement: December 7, 2004.

Respondent Cody did not submit a Uniform Submission Agreement.

Respondent Bohlman did not submit a Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: alleged unsuitable recommendations, breach of fiduciary duty, negligence, breach of contract, common law and statutory fraud.

Unless specifically admitted in their Answer, Respondents denied the allegations of wrongdoing set forth in the Statement of Claim and asserted the following defenses: The claimants were sophisticated investors, the purchases were ratified, the claims were barred by the applicable statute of limitations, the subject accounts did not experience any decline beyond market losses, the statement of claim fails to state a claim upon which relief can be granted, the claimants are barred by their laches and waiver. Respondents also averred that claimants executed active trading disclosure forms, and indicated on their signed new account forms that they desired short term trading as their stated investment objective. Respondents further noted that the claimants had a prior investment history at another brokerage firm in which they invested in large positions of individual equities.

RELIEF REQUESTED

Claimant requested compensatory damages of \$900,000, punitive damages in the amount of \$1,000,000.00 and costs and such other relief as a panel of arbitrators deem just and proper.

Respondents requested dismissal of the Statement of Claim in its entirety and expungement of their records from the Central Registration Depository (CRD).

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Respondent Bohlman has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondent Cody did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

Respondent Bohlman did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and having answered the claim is bound by the determination of the Panel on all issues submitted.

By letter dated May 11, 2005, the parties notified NASD Dispute Resolution that the matter was settled.

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 entry of an Award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. The parties have entered into a confidential settlement agreement resulting in the payment of a monetary amount that fully and fairly compensates Claimants.
2. The Claimants have dismissed all claims with prejudice against the individual Respondents Sarno, Bohlman and Cody.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Ronald Sarno, Sr.'s registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Ronald Sarno, Sr. 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 arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous.

4. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Kirsten Monika Cody's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Kirsten Monika Cody 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 arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous.

5. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Neal Albert Bohlman's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Neal Albert Bohlman 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 arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous.

6. The panel's authority to recommend expungement is based upon the following factors:
- a. The individual named respondents were not involved in investment-related sales-practice violations, forgery, theft, misappropriation, churning or conversion of funds.
 - b. The claimants acknowledge that they signed active trading disclosure forms, and agree that the trading in their accounts was suitable and in accordance with their stated investment objectives.
 - c. The allegations of the statement of claim were factually impossible or clearly erroneous, and respondents were wrongfully accused in the statement of claim. While the allegations as to CSA are and continue to be meritorious, that entity is bankrupt.
 - d. The within resolution is made possible by payments from CSA's insurance policy, which is an asset of CSA's bankruptcy estate, and which may not be available for an extended period of time.
 - e. The registered representatives have never been sanctioned or disciplined by the NASD or any other regulatory body.
 - f. The claims have been voluntarily dismissed as to Sarno, Cody and Bohlman.
 - g. The individual respondents are not at fault, engaged in no misconduct, and diligently cooperated in the prompt and mutually beneficial resolution of the claim.
 - h. Expungement would have no material adverse effect on investor protection, the integrity of the CRD system or regulatory requirements.

7. 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 = \$ 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 persons at the time of the events giving rise to the dispute. In this matter, Clearing Services of America is a party.

Member Surcharge = Waived

Pre-Hearing Process Fee = Waived

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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Forum fees associated with these proceedings are:

One (1) Pre-hearing conference session with the Panel @ \$1,200.00/session = \$1,200.00

Pre-hearing conference: January 17, 2006 1 session

One (1) Hearing session @ \$1,200.00/session = \$1,200.00

Hearing Date: March 30, 2006 1 session

Total Forum Fees = \$2,400.00

1. The Panel has assessed \$2,400.00 of the forum fees jointly and severally to Respondents.

Fee Summary

1. Claimants are liable for:

Initial Filing Fee = \$ 500.00

Total Fees = \$ 500.00

Less payments = \$1,700.00

Refund Due Claimants = \$1,200.00

2. Respondents are jointly and severally liable for:

Forum Fee = \$2,400.00

Total Fees = \$2,400.00

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Less payments	= \$	0.00
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Balance Due NASD Dispute Resolution	= \$2,400.00
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All balances are due and payable to NASD Dispute Resolution.

ARBITRATION PANEL

Steven D. Leader	-	Public Arbitrator, Presiding Chairperson
Joseph F. Wagner		Public Arbitrator
Bernard J. McGuire	-	Non-Public Arbitrator

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.

Concurring Arbitrators' Signatures



Steven D. Leader
Public Arbitrator, Presiding Chairperson

MAY 18, 2006

Signature Date

Joseph F. Wagner
Public Arbitrator

Signature Date

Bernard J. McGuire
Non-Public Arbitrator

Signature Date

May 19, 2006
Date of Service (For NASD office use only)

ARBITRATION PANEL

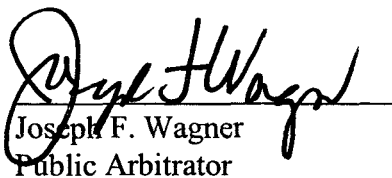
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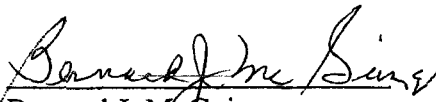
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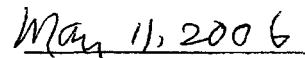
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