

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimants

Stephen M. Budai and Virginia L. Bellows,
Individually and on behalf of their IRAs

v.

04-08798
Denver, Colorado

Respondents

Brookstreet Securities Corporation,
Craig L. Freedman,
Freedman Financial Group, L.L.C.,
and Logan Capital Management

Nature of Dispute: Customers v. Member, Associated Person and Non-Members

REPRESENTATION OF PARTIES

Stephen M. Budai and Virginia L. Bellows, Individually and on behalf of their IRAs ("**Claimants**") were represented by Douglas A. Wolkin, Esq., of Deagle & Wolkin, P.C., Parker, Colorado.

Brookstreet Securities Corporation ("**Brookstreet**"), Craig L. Freedman ("**Freedman**") and Freedman Financial Group, L.L.C. ("**Freedman Financial**"), were represented by H. Thomas Fehn, Esq., of Fields Fehn & Sherwin, Los Angeles, California.

Logan Capital Management ("**Logan Capital**") did appear.

CASE INFORMATION

The Statement of Claim was filed on or about December 23, 2004. The Submission Agreements of Claimants were signed on or about November 24, 2004.

A Statement of Answer was filed jointly by Respondents, Brookstreet Securities Corporation, Craig L. Freedman and Freedman Financial Group, L.L.C., on or about April 12, 2005. The Submission Agreement of Respondent, Brookstreet Securities Corporation, was signed on or about April 11, 2005. The Submission Agreement of Respondent, Craig L. Freedman, was signed on or about April 11, 2005. The Submission Agreement of Respondent, Freedman Financial Group, L.L.C., was signed on or about April 11, 2005.

CASE SUMMARY

Claimants asserted causes of action including the following: suitability, breach of duty of fair dealing, breach of contract, breach of fiduciary duty, failure to follow directions, lost opportunity, negligence, respondeat superior and securities fraud. The causes of action related to Claimants' allegation that Freedman made unsuitable investment choices in various unspecified technology stocks for Claimants' IRAs, causing Claimants to incur losses of nearly 60% of their initial investment. Claimants alleged that Freedman failed to honor their stated financial strategy of protection of principal and also failed to implement stop-loss orders on their investments, despite instructions by Claimants to do so. Claimants further alleged that Brookstreet and Logan Capital failed to assist Claimants in any manner with their investment losses and at no time contacted them to discuss a new investment strategy that would have slowed losses, or to confirm that Freedman was following Claimants' directions and pursuing appropriate goals.

Respondents, Brookstreet Securities Corporation, Craig L. Freedman and Freedman Financial Group, L.L.C., denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: Claimants failed to state a claim upon which relief may be granted; Claimants were negligent in the supervision of their financial affairs and, in particular, the operation of the brokerage accounts at issue in this action; Claimants failed to use the requisite due diligence in the supervision of their financial affairs and, in particular, the operation of their brokerage accounts at issue in this action; Claimants have sustained no recoverable damages in connection with the matters alleged in the Statement of Claim; to the extent that Claimants have incurred any damages, such damages are attributable to market conditions and not to any acts or omissions of the Respondents; Claimants expressly ordered approved, accepted, authorized, participated in and ratified the acts and transactions complained of and upon which recovery is sought; Claimants by their own acts are accordingly estopped from recovery pursuant to the doctrines of ratification, waiver and estoppel; and at all relevant times, Brookstreet maintained an adequate and reasonable system of supervision and control over its employees and at all times acted in good faith, properly supervised its employees, and did not, at any time, either directly or indirectly, induce any acts constituting a cause of action.

RELIEF REQUESTED

Claimants requested an award of \$1,800,000 in compensatory damages, plus costs, attorneys' fees, interest and any other relief the panel deemed just and equitable.

Respondents, Brookstreet Securities Corporation, Craig L. Freedman and Freedman Financial Group, L.L.C., requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees. In addition, Respondents requested the panel order that all records relating to this case be expunged from Respondent, Craig L. Freedman's registration records maintained by the Central Registration Depository ("CRD").

OTHER ISSUES CONSIDERED & DECIDED

Respondent, Logan Capital Management, is not a member of NASD. Logan Capital Management did not voluntarily submit to NASD arbitration, nor was a contract to arbitrate disputes with Logan Capital Management presented. Therefore, Logan Capital Management is not compelled by NASD rules to arbitrate disputes in this forum. In the absence of Logan Capital Management's voluntary submission, NASD does not have jurisdiction over this party.

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. In either case, the parties have agreed to receive conformed copies of the award while the originals remain on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims, each and all, are denied and dismissed with prejudice in their entirety;
2. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, including expungement, are denied with prejudice; and
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys' fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 500

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 Brookstreet Securities Corporation.

Member surcharge	= \$ 2,800
Pre-hearing process fee	= \$ 750
Hearing process fee	= \$ 5,000

Forum Fees and Assessments

The Arbitration 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. Fees associated with these proceedings are:

One (1) Decision on discovery-related motion on the papers by the chairperson x \$200.00

Respondent submitted one (1) discovery-related motion (Motion in Limine)	= \$ 200
--	----------

Two (2) Pre-hearing sessions with Panel x \$ 1,200	= \$ 2,400
--	------------

Pre-hearing conferences:	June 20, 2005	1 session
	November 14, 2005	1 session

Five (5) Hearing sessions with Panel x \$ 1,200	= \$ 6,000
---	------------

Hearing Dates:	December 13, 2005	2 sessions
	December 14, 2005	2 sessions
	December 15, 2005	1 session

Total Forum Fees	= \$ 8,600
------------------	------------

The Arbitration Panel has assessed \$ 4,300 of the forum fees jointly and severally to Stephen M. Budai and Virginia L. Bellows, Individually and on behalf of their IRAs.

The Arbitration Panel has assessed \$ 4,300 of the forum fees jointly and severally to Brookstreet Securities Corporation, Craig L. Freedman and Freedman Financial Group, L.L.C.

FEE SUMMARY

Claimants, Stephen M. Budai and Virginia L. Bellows, Individually and on behalf of their IRAs,
are jointly and severally liable for:

Initial Filing Fee	= \$ 500
<u>Forum Fees</u>	= \$ 4,300
Total Fees	= \$ 4,800
<u>Less payments</u>	= \$ 1,700
Balance Due NASD Dispute Resolution	= \$ 3,100

Respondent, Brookstreet Securities Corporation, is liable for:

<u>Member Fees</u>	= \$ 8,500
Total Fees	= \$ 8,550
<u>Less payments</u>	= \$ 8,550
Balance Due NASD Dispute Resolution	= \$ 0

Respondents, Brookstreet Securities Corporation, Craig L. Freedman and Freedman Financial
Group, L.L.C., are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 4,300
Total Fees	= \$ 4,300
<u>Less payments</u>	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 4,300

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

ARBITRATION PANEL

Charles G. Michaels, Esq. - Public Arbitrator, Presiding Chair
Robert Bronstein - Public Arbitrator
Joseph Keith Kessel, Esq. - Non-Public Arbitrator

Concurring Arbitrators:

Charles G. Michaels, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Robert Bronstein
Public Arbitrator

Signature Date

Joseph Keith Kessel, Esq.
Non-Public Arbitrator

Signature Date

12/22/05
Date of Service (NASD use only)

ARBITRATION PANEL

Charles G. Michaels, Esq. - Public Arbitrator, Presiding Chair
Robert Bronstein - Public Arbitrator
Joseph Keith Kessel, Esq. - Non-Public Arbitrator

Concurring Arbitrators:

Charles G. Michaels
Charles G. Michaels, Esq.
Public Arbitrator, Presiding Chair

12/22/05
Signature Date

Robert Bronstein
Public Arbitrator

Signature Date

Joseph Keith Kessel, Esq.
Non-Public Arbitrator

Signature Date

12/22/05
Date of Service (NASD use only)

ARBITRATION PANEL

Charles G. Michaels, Esq. - Public Arbitrator, Presiding Chair
Robert Bronstein - Public Arbitrator
Joseph Keith Kessel, Esq. - Non-Public Arbitrator

Concurring Arbitrators:

Charles G. Michaels, Esq.
Public Arbitrator, Presiding Chair

Robert Bronstein
Robert Bronstein
Public Arbitrator

Signature Date

12/22/05
Signature Date

Joseph Keith Kessel, Esq.
Non-Public Arbitrator

Signature Date

12/22/05
Date of Service (NASD use only)

ARBITRATION PANEL

Charles G. Michaels, Esq. - Public Arbitrator, Presiding Chair
Robert Bronstein - Public Arbitrator
Joseph Keith Kessel, Esq. - Non-Public Arbitrator

Concurring Arbitrators:

Charles G. Michaels, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Robert Bronstein
Public Arbitrator

Signature Date


Joseph Keith Kessel, Esq.
Non-Public Arbitrator

12/22/05
Signature Date

12/22/05
Date of Service (NASD use only)