

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Ricardo T. Natale, Authorized Representative for
Caborro, S.A.

Case Number: 05-00033

Names of Respondents

Lehman Brothers, Inc.
Lehman Brothers International Securities, Inc.

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Ricardo T. Natale, Authorized Representative for Caborro, S.A., hereinafter referred to as "Claimant": Frank R. Rodriguez, Esq., Rodriguez Tramont Guerra & Nunez, P.A., Coral Gables, Florida.

For Respondent Lehman Brothers, Inc. ("LBI"): David G. Russell, Esq., Parker Hudson Rainer & Dobbs LLP, Atlanta, Georgia.

Respondent Lehman Brothers International Securities, Inc. ("LBISI") did not appear.

CASE INFORMATION

Statement of Claim filed on or about: January 4, 2004
Claimant signed the Uniform Submission Agreement: January 13, 2005.
Amended Statement of Claim filed on or about: January 31, 2005.
"Second Amended" Statement of Claim filed on or about: February 22, 2005.
Statement of Answer filed by Respondent LBI on or about: May 27, 2005.
Motion and Brief to Dismiss filed by Respondent LBI on or about: May 27, 2005.
Respondent LBI did not file an executed Uniform Submission Agreement.
Third Amended Statement of Claim filed on or about: November 11, 2005.
Statement of Answer to Third Amended Statement of Claim filed by Respondent LBI on or about: December 9, 2005.
Renewed Motion and Brief to Dismiss filed by Respondent LBI on or about: December 9, 2005.
Claimant's Opposition to Renewed Motion to Dismiss filed on or about: January 9, 2006.
Fourth Amended Statement of Claim filed on or about: March 6, 2006.
Statement of Answer to Fourth Amended Statement of Claim filed by Respondent LBI on or about: March 16, 2006.
Second Renewed Motion and Brief to Dismiss filed by Respondent LBI on or about: March 16, 2006.
Opposition to Respondent LBI's Second Renewed Motion to Dismiss filed by Claimant on or about: March 30, 2006.
Reply Brief in Support of Second Renewed Motion to Dismiss filed by Respondent LBI on or about: April 5, 2006.

Request for Dismissal Without Prejudice filed by Claimant on or about: April 18, 2006.
Opposition to Claimant's Request for Dismissal Without Prejudice filed by Respondent LBI on or about: April 19, 2006.
Reply to Respondent LBI's Opposition to Claimant's Request for Dismissal Without Prejudice filed by Claimant on or about: April 20, 2006.
Respondent LBISI did not file a Statement of Answer or executed Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: 1) conversion; 2) unauthorized transactions; 3) unsuitability; 4) overconcentration of assets; 5) excessive trading; 6) negligent supervision; 7) negligence; 8) failure to provide accurate account statements; 9) improper investment strategy; 10) breach of fiduciary duty; 11) breach of contract; 12) violations of NASD Rules of Fair Practice, Article III, Sections 1 and 27; and 13) violation of New York Stock Exchange Rule 408. The causes of action relate to the purchase and sale of certain Russian debt instruments (the "Russian Instruments") and other unspecified securities in Claimant's accounts.

Unless specifically admitted in its Answer, Respondent LBI denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested: 1) compensatory damages in the amount of \$1,360,000.00 or, alternatively, rescissionary damages; 2) punitive damages; 3) costs, including filing fees and expert witness fees; 4) expenses; and 5) post-award interest at the Florida legal rate.

Respondent LBI requested that the undersigned arbitrators (the "Panel"): 1) dismiss Claimant's claims in their entirety; 2) assess all NASD hearing costs against Claimant; and 3) award Respondent LBI all other relief to which it may be entitled, including its costs.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent LBISI is a terminated member of NASD. Upon review of the file and the representations made by Claimant, the Panel determined that Respondent LBISI has been properly served with the Statement of Claim, as amended, 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").

On or about September 29, 2005, the Panel entered an order granting Respondent LBI's Motion to Dismiss, without prejudice, and providing Claimant with 30 days to amend its claim.

On or about January 12, 2006, the Panel entered an order granting, in part, Respondent LBI's Renewed Motion to Dismiss, without prejudice, and providing Claimant with 20 days to amend its claim.

On or about April 7, 2006, the Panel entered an order granting Respondent LBI's Second Renewed Motion to Dismiss all claims except those regarding the Russian Instruments.

The parties have agreed that the Award in this matter may be executed in counterpart copies.

AWARD

1. On or about April 20, 2006, the Panel entered an order granting Claimant's Request for Dismissal Without Prejudice. Claimant's claims are dismissed without prejudice.
2. The Panel's ruling is based solely on Rule 10305 of the Code of Arbitration Procedure and the Panel makes no finding or ruling with respect to the import of granting said motion.
3. Any and all claims for relief, including Claimant's claim for punitive damages, not specifically addressed herein are dismissed without 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	= \$ 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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent LBI is a party and a member firm.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$5,000.00</u>
Total Member fees	= \$8,550.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

January 9-13, 16-17, 2006, adjournment requested by Respondent LBI. The Panel waived assessment of the adjournment fee in the amount of \$1,200.00.

Three-Day Cancellation Fees

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

There were no three-day cancellation fees assessed during these proceedings.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

There were no injunctive relief fees assessed during these proceedings.

Forum Fees and Assessments

The arbitration Panel has assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Decisions on discovery-related motions @ \$200.00 per session	= \$ 400.00
Pre-hearing conferences: December 21, 2005 1 session	
April 7, 2006 1 session	
Three (3) Pre-hearing sessions with the Panel @ \$1,200.00 per session	= \$3,600.00
Pre-hearing conferences: July 26, 2005 1 session	
September 13, 2005 1 session	
January 9, 2006 1 session	
<hr/> Total Forum Fees	<hr/> = \$4,000.00

The Panel has assessed forum fees in the amount of \$2,000.00 to Claimant.

The Panel has assessed forum fees in the amount of \$2,000.00 to Respondent LBI.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs assessed during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 600.00
<u>Forum Fees</u>	<u>= \$ 2,000.00</u>
Total Fees	= \$ 2,600.00
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 800.00

Respondent LBI is solely liable for:

Member Fees	= \$ 8,550.00
<u>Forum Fees</u>	<u>= \$ 2,000.00</u>
Total Fees	= \$ 10,550.00
<u>Less payments</u>	<u>= \$ 8,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 2,000.00

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

ARBITRATION PANEL

Randy R. Freedman, Esq.	-	Public Arbitrator, Presiding Chairperson
Arthur C. Bivins	-	Public Arbitrator
Ned B. Young	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Randy R. Freedman, Esq.
Public Arbitrator, Presiding Chairperson

04/21/06
Signature Date

/s/
Arthur C. Bivins
Public Arbitrator

04/24/06
Signature Date

/s/
Ned B. Young
Non-Public Arbitrator


04/23/06
Signature Date

04/25/06
Date of Service (For NASD Dispute Resolution office use only)

ARBITRATION PANEL

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Arthur C. Bivins	-	Public Arbitrator
Ned B. Young	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Randy R. Freedman, Esq.
Public Arbitrator, Presiding Chairperson

4/21/06

Signature Date

Arthur C. Bivins
Public Arbitrator

Signature Date

Ned B. Young
Non-Public Arbitrator

Signature Date

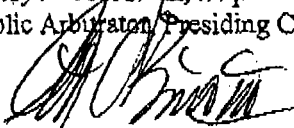
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Randy R. Freedman, Esq.
Public Arbitrator, Presiding Chairperson



Signature Date

04/24/06

Signature Date

Arthur C. Bivins
Public Arbitrator

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Non-Public Arbitrator

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Public Arbitrator, Presiding Chairperson

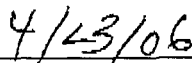
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