

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Robert C. Naumann

v.

05-00198
Denver, Colorado

Respondents

Janney Montgomery Scott, LLC
and Albert J. Copperstone

NATURE OF DISPUTE

Customer v. Member and Associated Person

REPRESENTATION OF PARTIES

Robert C. Naumann ("Claimant") was represented by Eric H. Schunk, Esq., of The Law Offices of Eric H. Schunk, Esq., Boulder, Colorado.

Janney Montgomery Scott, LLC ("JMS") was represented by John E. Bisordi, Esq., of Saul Ewing, Philadelphia, Pennsylvania.

Albert J. Copperstone ("Copperstone") was represented by Delmer C. Gowing, III, Esq., of The Law Office of Delmer C. Gowing, III, Ocean Ridge, Florida.

CASE INFORMATION

The Statement of Claim was filed on or about January 11, 2005. The Submission Agreement of Claimant was signed on or about January 11, 2005.

A Statement of Answer was filed by JMS on or about March 31, 2005. The Submission Agreement of JMS was signed on or about March 31, 2005.

A Statement of Answer was filed by Copperstone on or about February 8, 2005. The Submission Agreement of Copperstone was signed on or about February 7, 2005.

JMS filed a Motion to Dismiss on or about March 15, 2006. Claimant submitted a Response in Opposition on or about March 17, 2006.

CASE SUMMARY

Claimant asserted causes of action including the following: transacting business in Colorado without a license, failure to supervise, securities fraud, suitability, violation of the Colorado Consumer Protection Act and breach of fiduciary duty. Claimant alleged that Copperstone engaged in various unlicensed securities transactions in Claimant's account. Claimant asserted that the transactions were not only fraudulent, but also unsuitable due to the level of churning and the use of margin. Claimant further alleged that because JMS failed to establish, implement and enforce supervisory procedures, it did not detect or prevent Copperstone's violations and as a result Claimant suffered losses in his account.

JMS denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim failed to state a cause of action and should be dismissed; the causes of action in the Statement of Claim are barred by applicable statutes of limitation or repose; to the extent that Claimant suffered damages, they were the result of Claimant's own conduct, and not the conduct of JMS; Claimant failed to exercise a degree of care over his investments which ordinarily prudent investors would exercise; Claimant was fully aware of, authorized and directed the trading in his account with full knowledge of the consequences of that trading; Claimant's causes of action are barred by laches, estoppel and the doctrine of ratification; and, at all times, Claimant's account was handled properly and in accordance with the rules, regulations and practices governing the securities industry.

Copperstone denied the allegations set forth in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimant requested an award of compensatory damages in excess of \$256,330, plus \$768,990 in exemplary damages, attorneys' fees, costs and any other relief the panel deemed just and proper.

JMS requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

Copperstone requested that the claims asserted against him be denied in their entirety and that he be awarded his costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

The parties agreed to the panel's composition.

After Claimant presented his case-in-chief, JMS and Copperstone, orally moved for the panel to grant a Motion for a Directed Verdict. After deliberation, the panel denied Respondents' Motion for a Directed Verdict.

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. Claimant's claims, each and all, are denied and dismissed with prejudice;
2. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, 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
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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 Janney Montgomery Scott, LLC.

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

Adjournment Fees

Adjournments granted during these proceedings:

February 21-24, 2006, Adjournment requested by Claimant = \$ 1,200

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) Pre-hearing session with Panel x \$ 1,200 = \$ 1,200

Pre-hearing conference: June 20, 2005 1 session

Four (4) Hearing sessions with Panel x \$ 1,200 = \$ 4,800

Hearing Dates: April 4, 2006 2 sessions
April 5, 2006 2 sessions

Total Forum Fees = \$ 6,000

The Arbitration Panel has assessed \$ 2,000 of the forum fees to Robert C. Naumann.

The Arbitration Panel has assessed \$ 2,000 of the forum fees to Janney Montgomery Scott, LLC.

The Arbitration Panel has assessed \$ 2,000 of the forum fees to Albert J. Copperstone.

EEE SUMMARY

Claimant, Robert C. Naumann, is liable for:

Initial Filing Fee	= \$ 500
Adjournment Fees	= \$ 1,200
<u>Forum Fees</u>	<u>= \$ 2,000</u>
Total Fees	= \$ 3,700
<u>Less payments</u>	<u>= \$ 1,700</u>
Balance Due NASD Dispute Resolution	= \$ 2,000

Respondent, Janney Montgomery Scott, LLC, is liable for:

Member Fees	= \$ 8,550
Forum Fees	= \$ 2,000
Total Fees	= \$ 10,550
Less payments	= \$ 6,300
Balance Due NASD Dispute Resolution	= \$ 4,250

Respondent, Albert J. Copperstone, is liable for:

Forum Fees	= \$ 2,000
Total Fees	= \$ 2,000
Less payments	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 2,000

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

Joseph Keith Kessel, Esq. - Non-Public Arbitrator, Presiding Chair
Holly Stein Sollod, Esq. - Public Arbitrator
Wesley B. Howard, Esq. - Public Arbitrator

Concurring Arbitrators:

Joseph Keith Kessel, Esq.
Non-Public, Presiding Chair

Signature Date

Holly Stein Sollod, Esq.
Public Arbitrator

Signature Date

Wesley B. Howard, Esq.
Public Arbitrator

Signature Date

4/12/06

Date of Service (NASD use only)

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Forum Fees	= \$ 2,000
Total Fees	= \$ 10,550
Less payments	= \$ 6,300
Balance Due NASD Dispute Resolution	= \$ 4,250

Respondent, Albert J. Copperstone, is liable for:


Forum Fees	= \$ 2,000
Total Fees	= \$ 2,000
Less payments	= \$ 0
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Less payments	= \$ 6,300
Balance Due NASD Dispute Resolution	= \$ 4,250

Respondent, Albert J. Copperstone, is liable for:

Forum Fees	= \$ 2,000
Total Fees	= \$ 2,000
Less payments	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 2,000

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