

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Edward Barone, Alan Billings, Eugene Carfora, Coleman Christie, John Fuller, Margaret Fuller, Kevin Gilligan, Rudi Harbauer, Leo J. Hengstler, Craig Jeffrey, Peter Jenko, John Kamin, Kevin Kennedy, Kevin J. Krazit, Matthew Lancto, Roger Loughran, Barbara Loughran, William Loughran, Edward Maassmann, Gerald McCloskey, Michael McKeefrey, Otto Mermelstein, Tibor Mermelstein, Magda Mermelstein, James G. Muers, Michael Schurek, William Shaw, Joseph J. Sweeney, Deborah Treacy, Maurice J. Van Dyke, Lloyd Warshaur, Timothy Woods, and Naula Woods (Claimants) vs. Carlin Equities Corporation and Generic Trading of Philadelphia, LLC (Respondents)

Case Number: 05-00737

Hearing Site: Albany, New York

Nature of the Dispute: Customers vs. Member and Non-Member

REPRESENTATION OF PARTIES

Claimants Edward Barone ("Barone"), Alan Billings ("Billings"), Eugene Carfora ("Carfora"), Coleman Christie ("Christie"), John Fuller ("J. Fuller"), Margaret Fuller ("M. Fuller"), Kevin Gilligan ("Gilligan"), Rudi Harbauer ("Harbauer"), Leo J. Hengstler ("Hengstler"), Craig Jeffrey ("Jeffrey"), Peter Jenko ("Jenko"), John Kamin ("Kamin"), Kevin Kennedy ("Kennedy"), Kevin J. Krazit ("Krazit"), Matthew Lancto ("Lancto"), Roger Loughran ("R. Loughran"), Barbara Loughran ("B. Loughran"), William Loughran ("W. Loughran"), Edward Maassmann ("Maassmann"), Gerald McCloskey ("McCloskey"), Michael McKeefrey ("McKeefrey"), Otto Mermelstein ("O. Mermelstein"), Tibor Mermelstein ("T. Mermelstein"), Magda Mermelstein ("M. Mermelstein"), James G. Muers ("Muers"), Michael Schurek ("Schurek"), William Shaw ("Shaw"), Joseph J. Sweeney ("Sweeney"), Deborah Treacy ("Treacy"), Maurice J. Van Dyke ("Van Dyke"), Lloyd Warshaur ("Warshaur"), Timothy Woods ("T. Woods"), and Naula Woods ("N. Woods") hereinafter collectively referred to as "Claimants"; Kevin P. Conway, Esq. and Jennifer A. Pogorelec, Esq., Conway & Conway, New York, NY.

Respondent Carlin Equities Corporation ("Carlin") and Generic Trading of Philadelphia, LLC ("Generic") hereinafter collectively referred to as "Respondents": Michael J. Sullivan, Esq., Coughlin Duffy, LLP, Morristown, NJ and Lewis D. Lowenfels, Esq., Tolins & Lowenfels, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: February 1, 2005.

Amended Statement of Claim filed on or about: March 2, 2005.

Barone signed the Uniform Submission Agreement: January 27, 2005.

Billings signed the Uniform Submission Agreement: January 27, 2005.

Carfora signed the Uniform Submission Agreement: January 25, 2005.

Christie signed the Uniform Submission Agreement: January 31, 2005.
J. Fuller signed the Uniform Submission Agreement: January 26, 2005.
M. Fuller signed the Uniform Submission Agreement: January 25, 2005.
Gilligan signed the Uniform Submission Agreement: January 26, 2005.
Harbauer signed the Uniform Submission Agreement: February 3, 2005.
Hengstler signed the Uniform Submission Agreement: February 3, 2005.
Jeffrey signed the Uniform Submission Agreement: February 1, 2005.
Jenko signed the Uniform Submission Agreement: January 25, 2005.
Kamin signed the Uniform Submission Agreement: January 27, 2005.
Kennedy signed the Uniform Submission Agreement: January 26, 2005.
Krazit signed the Uniform Submission Agreement: January 25, 2005.
Lancto signed the Uniform Submission Agreement: February 2, 2005.
R. Loughran signed the Uniform Submission Agreement: February 1, 2005.
B. Loughran signed the Uniform Submission Agreement: January 25, 2005.
W. Loughran signed the Uniform Submission Agreement: January 25, 2005.
Maassmann signed the Uniform Submission Agreement: January 30, 2005.
McCloskey signed the Uniform Submission Agreement: January 27, 2005.
McKeefrey signed the Uniform Submission Agreement: January 26, 2005.
O. Mermelstein signed the Uniform Submission Agreement: January 26, 2005.
T. Mermelstein signed the Uniform Submission Agreement: January 26, 2005.
M. Mermelstein signed the Uniform Submission Agreement: January 26, 2005.
Muers signed the Uniform Submission Agreement: January 27, 2005.
Schurek signed the Uniform Submission Agreement: January 27, 2005.
Shaw signed the Uniform Submission Agreement: February 2, 2005.
Sweeney signed the Uniform Submission Agreement: January 26, 2005.
Treacy signed the Uniform Submission Agreement: January 27, 2005.
Van Dyke signed the Uniform Submission Agreement: February 3, 2005.
Warshaur signed the Uniform Submission Agreement: January 30, 2005.
T. Woods signed the Uniform Submission Agreement: January 25, 2005.
N. Woods signed the Uniform Submission Agreement: January 25, 2005.

Statement of Answer and Motion to Dismiss filed by Respondents on or about: May 6, 2005.

Carlin signed the Uniform Submission Agreement: March 22, 2005.

Generic signed the Uniform Submission Agreement: March 22, 2005.

CASE SUMMARY

Claimants asserted the following causes of action: vicarious liability, respondeat superior, intentional tort, negligent hiring, negligent supervision, and negligent retention. The causes of action relate to investment in Patrollers Capital Fund I and Patrollers Capital Fund II.

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

RELIEF REQUESTED

Claimants requested compensatory damages in an amount in excess of \$4,700,000

plus pre-judgment and post-judgment interest, costs, expenses, expert witness fees, attorneys' fees, punitive damages, and such other relief as the arbitrators deem appropriate under the circumstances.

Respondents requested dismissal of the Statement of Claim in its entirety, costs, and attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

On or about June 22, 2005, Claimant Alan Billings withdrew his claim against the Respondents without prejudice.

Generic Trading of Philadelphia, LLC is a member of the Philadelphia Stock Exchange and is contractually bound to arbitrate at NASD Dispute Resolution.

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, 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 Claimants compensatory damages in the amount of \$3,000,000.00, plus interest at the rate of 4% per annum beginning from January 1, 2002 until the Award is paid.
2. Each party shall bear its own attorneys' fees.
3. 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	= \$ 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, Carlin Equities Corporation and Generic Trading of Philadelphia, LLC are parties.

Carlin Equities Corporation

Member Surcharge	= \$	2,800.00
Pre-hearing Process Fee	= \$	750.00
Hearing Process Fee	= \$	5,000.00

Generic Trading of Philadelphia, LLC

Member Surcharge	= \$	2,800.00
Pre-hearing Process Fee	= \$	750.00
Hearing Process Fee	= \$	5,000.00

Forum Fees and Assessments

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

Four (4) Pre-hearing sessions with the Panel @ \$1,200.00 = \$ 4,800.00

Pre-hearing conferences:	June 7, 2005	1 session
	September 19, 2005	1 session
	October 5, 2005	1 session
	October 25, 2005	1 session

Twenty (20) Hearing sessions @ \$1,200.00 = \$ 24,000.00

Hearing Dates:	April 5, 2006	2 sessions
	April 6, 2006	2 sessions
	April 11, 2006	3 sessions
	April 12, 2006	2 sessions
	April 13, 2006	2 sessions
	April 18, 2006	2 sessions
	April 19, 2006	2 sessions
	May 23, 2006	3 sessions
	May 31, 2006	2 sessions

Total Forum Fees = \$28,800.00

1. The Panel has assessed \$14,400.00 of the forum fees to Claimants, jointly and severally.
2. The Panel has assessed \$14,400.00 of the forum fees to Respondents, jointly and severally.

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 not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

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|--|------|--------|
| 1. Claimants requested hearing tapes | = \$ | 405.00 |
| 2. Respondents requested hearing tapes | = \$ | 45.00 |

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$ 14,400.00
Administrative Costs	= \$ 405.00
Total Fees	= \$ 15,405.00
Less payments	= \$ 2,100.00
Balance Due NASD Dispute Resolution	= \$ 13,305.00

2. Respondents are jointly and severally liable for:

Forum Fees	= \$ 14,400.00
Administrative Costs	= \$ 45.00
Total Fees	= \$ 14,445.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 14,445.00

3. Respondent Carlin is solely liable for:

Member Fees	= \$ 8,550.00
Total Fees	= \$ 8,550.00
Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

4. Respondent Generic is solely liable for:

Member Fees	= \$ 8,550.00
Total Fees	= \$ 8,550.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 8,550.00

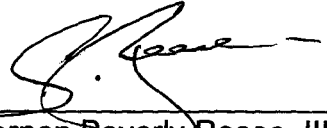
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL


Algernon Beverly Reese, III, Esq.	-	Public Arbitrator, Presiding Chairperson
Kenneth R. Hotopp	-	Public Arbitrator
Jay F. Donnaruma	-	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.



Algernon Beverly Reese, III, Esq.
Public Arbitrator, Presiding Chairperson

 5/31/06
6/14/06

Signature Date

Kenneth R. Hotopp
Public Arbitrator

Signature Date

Jay F. Donnaruma
Non-Public Arbitrator

Signature Date

June 13, 2006

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

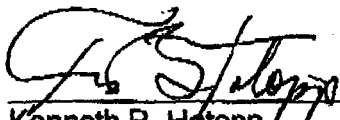
Algemon Beverly Reese, III, Esq.	-	Public Arbitrator, Presiding Chairperson
Kenneth R. Hotopp	-	Public Arbitrator
Jay F. Donnaruma	-	Non-Public Arbitrator

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.

Algemon Beverly Reese, III, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Kenneth R. Hotopp
Public Arbitrator

Signature Date



Jay F. Donnaruma
Non-Public Arbitrator



Signature Date

June 13, 2006

Date of Service (For NASD Dispute Resolution use only)