

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 05-02299

Janet J. Barry
Patricia Cheramie
Ned A. Cole
The John Desmond Rollover IRA
Dave Humphreys
Roy S. and Cathy D. Hunt
Dr. Morris J. Kloor, Jr.
Bertram J. Levey
The Bertram J. Levey IRA/SEP
Marian C. Levey
Sydney M. McBride
Dolores T. Petrie
Hattie Lou Randall
The Otto A. Rees Rollover IRA
Michael and Naomi Ricca
Robin Brown
Estate of Bernice Layman
Stephanie Cave
Alan D. Risher
Norris A. Marchand
Mary M. Marchand
Norris A. and Mary M. Marchand Trust
Patricia Daniel

Names of the Respondents

Hearing Site: New Orleans, Louisiana

The Estate of Mary Lou Reifel
Dean Alexander Bordelon
Royal Alliance Associates, Inc.

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For Janet J. Barry, Patricia Cheramie, Ned A. Cole, The John Desmond Rollover IRA, Dave Humphreys, Roy S. and Cathy D. Hunt, Dr. Morris J. Kloor, Jr., Bertram J. Levey, The Bertram J. Levey IRA/SEP, Marian C. Levey, Sydney M. McBride, Dolores T. Petrie, Hattie Lou Randall, The Otto A. Rees Rollover IRA, Michael and Naomi Ricca, Robin Brown, Estate of Bernice Layman, Stephanie Cave, Alan D. Risher, Norris A. Marchand, Mary M. Marchand, Norris A. and Mary M. Marchand Trust, and Patricia Daniel, hereinafter collectively referred to as "Claimants": L. Jerome Stanley, Esq., L. Jerome Stanley, P.C., Baton Rouge, Louisiana.

For The Estate of Mary Lou Reifel ("Reifel"): Elizabeth A. Bordelon, Executrix for the

Estate, Baton Rouge, Louisiana.

For Dean A. Bordelon ("Bordelon"): Bryan T. Forman, Esq., Forman Law Firm, Tyler, Texas.

For Royal Alliance Associates, Inc. ("Royal"): Theodore J. Sawicki, Esq., Craig H. Kuglar, Esq. and Brook Clark, Esq., Alston & Bird, L.L.P., Atlanta, Georgia and Thomas M. Benjamin, Esq., Lemle & Kelleher, LLP, New Orleans, Louisiana.

CASE INFORMATION

Statement of Claim filed on or about: May 5, 2005.

Claimants signed but did not date the Uniform Submission Agreements.

First Amended Statement of Claim filed on or about May 3, 2005.

Second Amended Statement of Claim filed on or about: June 30, 2005.

Answer of Respondent Royal to Claimants' Statement of Claim and Amended Statement of Claim filed on or about: August 15, 2005.

Respondent Bordelon's Motion for More Definite Statement and Statement of Answer filed on or about: September 12, 2005.

Statement of Answer filed by Respondent Reifel on or about: November 4, 2005.

Motion to Dismiss filed by Respondent Bordelon on or about: April 12, 2006.

Answer of Respondent Royal to Claimants' Statement of Claim as Amended by their First and Second Amended Statement of Claims filed on or about: July 11, 2006.

Respondents Reifel, Bordelon and Royal file executed Uniform Submission Agreements.

CASE SUMMARY

Claimants alleged the following causes of action in their Statement of Claim, as Amended: 1) fraud; 2) misappropriation; 3) failure to supervise; 4) breach of fiduciary duty; 5) gross negligence; 6) unauthorized trading; and, 7) omission of fact. The causes of action relate to Claimants' investments in, including but not limited to, Pooled Pension Fund Management Corporation.

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

RELIEF REQUESTED

Claimants requested: 1) compensatory damages in the amount of \$4,679,114.10; 2) punitive damages equaling twice the amount of the compensatory damages; 3) attorneys' fees; 4) costs; and, 5) interest.

Respondent Royal requested: 1) dismissal of claims; 2) costs; and, 3) attorneys' fees.

Respondent Bordelon requested: 1) dismissal of all claims; 2) costs; and, 3) other and further relief to which he may be entitled.

Respondent Reifel requested: 1) dismissal of all claims; 2) costs; 3) attorneys' fees;

and, 4) all other just and equitable relief.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Reifel, Bordelon and Royal did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code"), and having answered the claim, are bound by the determination of the undersigned arbitrators (the "Panel") on all issues submitted.

On or about April 18, 2006, the Panel signed the Agreed Order to Re-plead Certain Claims against Respondent Bordelon.

On or about July 26, 2006, the Panel issued an order denying Respondent Bordelon's Motion to Dismiss.

On or about October 5, 2006, Claimants Dr. Morris J. Kloor and The John Desmond Rollover IRA withdrew their claims with prejudice.

On or about November 16, 2006, Claimants dismissed their claims against Respondent Bordelon with prejudice.

On or about November 27, 2006, Elizabeth A. Bordelon submitted a letter to NASD Dispute Resolution which stated that she is not the counsel for the Estate of Mary Lou Reifel. The Estate of Mary Lou Reifel did not appear at the evidentiary hearings. Upon review of the file and the representations made on behalf of the Claimants, the Panel determined that Respondent Reifel 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 Code.

During the evidentiary hearing, Respondent Royal submitted a Motion to Dismiss and a Motion to Exclude Interest. The Panel denied these motions.

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

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:

Respondents Royal and Reifel, jointly and severally, are found liable under the cause of action of negligent supervision and shall pay compensatory damages in the following amounts:

- | | |
|---------------------|--------------|
| • Janet J. Barry | \$ 49,000.00 |
| • Stephanie Cave | \$130,000.00 |
| • Patricia Cheramie | \$227,000.00 |

• Ned A. Cole	\$ 36,000.00
• Patricia Daniel	\$ 49,000.00
• Dave Humphreys	\$ 73,000.00
• Roy S. & Cathy D. Hunt	\$ 40,000.00
• Estate of Bernice Layman	\$123,000.00
• Bertram J. Levey	\$243,000.00
• Marian C. Levey	\$ 11,000.00
• Norris & Mary Marchand	\$309,000.00
• Sydney M. McBride	\$ 12,000.00
• Dolores T. Petrie	\$ 21,000.00
• Hattie Lou Randall	\$184,000.00
• Otto A. Rees	\$107,000.00
• Michael & Naomi Ricca	\$ 43,000.00
• <u>Alan D. Risher</u>	<u>\$ 63,000.00</u>
Total Award of Compensatory Damages:	\$1,720,000.00

- Respondents Royal and Reifel, jointly and severally, shall pay to Claimants interest on the compensatory damage awards referenced above at 5% per annum from December 18, 2006 until the award is paid in full.
- All claims by Claimant Robin Brown against Respondents are dismissed, with prejudice.
- Respondents Royal and Reifel, jointly and severally, shall pay to Claimants attorneys' fees in the amount of \$86,000.00 pursuant to the Louisiana Securities Act.

All claims for relief, not specifically addressed herein, including Claimants' claims for punitive damages, are 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, Respondent Royal is a party and a member firm.

Member surcharge	= \$ 3,750.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$ 5,500.00</u>
Total Member fees	= \$10,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:
There were no adjournment fees assessed during these proceedings.

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 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 arbitrator(s) that lasts four (4) hours or less. Fees associated with these proceedings are:

Five (5) Pre-hearing sessions with an Arbitrator @ \$450.00 per session = \$ 2,250.00

Pre-hearing conferences: August 14, 2006 1 session
October 5, 2006 1 session
October 25, 2006 1 session
November 9, 2006 1 session
November 20, 2006 1 session

Three (3) Pre-hearing sessions with the Panel @ \$1,200.00 per session = \$3,600.00

Pre-hearing conferences: December 23, 2005 1 session
March 15, 2006 1 session
July 28, 2006 1 session

Twenty Two (22) Hearing sessions @ \$1,200.00 per session =\$26,400.00

Hearing Dates: December 4, 2006 2 sessions
December 5, 2006 2 sessions
December 6, 2006 3 sessions
December 7, 2006 3 sessions
December 8, 2006 2 sessions
December 11, 2006 2 sessions
December 12, 2006 2 sessions
December 13, 2006 3 sessions
December 14, 2006 3 sessions

Total Forum Fees	= \$32,250.00
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The Panel has assessed the total forum fees of \$32,250.00 to Respondents Royal and Reifel, 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.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Total Fees	= \$ 600.00
<u>Less payments</u>	<u>= \$ 600.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Royal is solely liable for:

<u>Member Fees</u>	<u>= \$10,000.00</u>
Total Fees	= \$10,000.00
<u>Less payments</u>	<u>= \$ 8,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 1,450.00

Respondents Royal and Reifel are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$32,250.00</u>
Total Fees	= \$32,250.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$32,250.00

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

ARBITRATION PANEL

Mark A. Myers, Esq.
Onnig Hatchig Dombalgian
Arthur W. Pigott

Public Arbitrator, Presiding Chairperson
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Mark A. Myers, Esq.
Public Arbitrator, Presiding Chairperson

December 20, 2006
Signature Date

/s/
Onnig Hatchig Dombalgian
Public Arbitrator

December 21, 2006
Signature Date

/s/
Arthur W. Pigott
Non-Public Arbitrator

December 20, 2006
Signature Date

December 21, 2006
Date of Service (For NASD Dispute Resolution use only)

Arbitration No. 05-02299

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Concurring Arbitrators' Signatures

Mark A. Myers, Esq.
Public Arbitrator, Presiding Chairperson



Onnig Hatchig Dombalgian
Public Arbitrator

Signature Date

12-21-2006

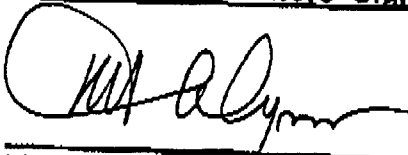
Signature Date

Arthur W. Pigott
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution use only)

Concurring Arbitrators' Signatures



Mark A. Myers, Esq.
Public Arbitrator, Presiding Chairperson

12/20/2006
Signature Date

Onnig Hatchig Dombalgian
Public Arbitrator

Signature Date

Arthur W. Pigott
Non-Public Arbitrator

Signature Date

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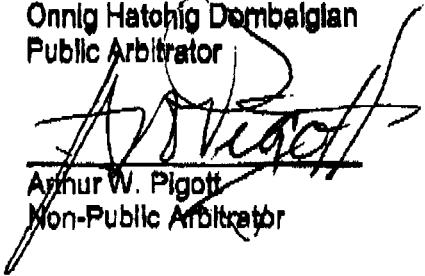
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Public Arbitrator, Presiding Chairperson

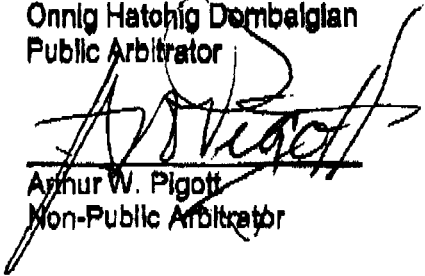
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Public Arbitrator

Signature Date



Arthur W. Pigott
Non-Public Arbitrator


12/20/06

Signature Date

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