

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Lewis E. Worms, individually and as trustee of the Lewis E. and Corrine I. Worms Trust,
Claimants v. Salomon Grey Financial Corporation, Chazon Stein, and Christopher J.
Borgo, Respondents

Chazon Stein and Christopher J. Borgo, Counter-Claimants v. Lewis E. Worms and the
the Lewis E. and Corrine I. Worms Trust, Counter-Respondents

Case Number: 05-02677

Hearing Site: Los Angeles, California

Nature of the Dispute: Customers v. Member and Associated Persons

Associated Persons v. Customer

REPRESENTATION OF PARTIES

For Claimants / Counter-Respondents
Lewis E. Worms and the Lewis E.
and Corrine I. Worms Trust:

Stephen Marcus, Esq.
Gittler & Bradford
Los Angeles, California

For Respondent Salomon Grey Financial
Corporation:

Gary Barket, Esq.
Salomon Grey Financial Corporation
Dallas, Texas¹

For Respondents / Counter-Claimants
Chazon Stein and Christopher Borgo:

Justin M. Pearson, Esq.
Feingold & Kam
Palm Beach Gardens, Florida

¹ Respondent Salomon Grey Financial Corporation was expelled from NASD Membership effective April 27, 2006.
Mr. Barket withdrew from representation on May 23, 2006.

CASE INFORMATION

Statement of Claim filed: May 10, 2005

Claimants' Joint Uniform Submission Agreement signed: May 10, 2005

Statement of Answer filed by Respondent Salomon Grey Financial Corporation:
August 16, 2005

Respondent Salomon Grey Financial Corporation's Uniform Submission Agreement
signed: August 16, 2005

Statement of Answer, Motion to Dismiss, and Counterclaim filed by Respondents
Chazon Stein and Christopher Borgo: August 2, 2005

Respondent Chazon Stein's Uniform Submission Agreement signed:
September 1, 2005

Respondent Christopher J. Borgo's Uniform Submission Agreement signed:
February 4, 2005

CASE SUMMARY

Claimants alleged breach of fiduciary duty, unsuitability, unauthorized trading, churning, fraud, misrepresentation and omission of fact, and failure to supervise. Claimants' allegations related to transactions in Claimants' margin account involving unspecified penny stocks.

Respondent Salomon Grey Financial Corporation denied the allegations of wrongdoing set forth in Claimant's Statement of Claim and asserted various affirmative defenses.

Respondents Chazon Stein and Christopher Borgo denied the allegations of wrongdoing set forth in Claimant's Statement of Claim and asserted various affirmative defenses.

Counter-Claimants Chazon Stein and Christopher Borgo alleged malicious prosecution, abuse of process, and slander.

RELIEF REQUESTED

Claimants requested \$151,000.00 in compensatory damages, unspecified punitive damages, interest, and costs, including attorney's fees.

Respondent Salomon Grey Financial Corporation requested dismissal of Claimants' Statement of Claim in its entirety and costs, including attorney's fees.

Respondents Chazon Stein and Christopher Borgo requested dismissal of Claimants' Statement of Claim in its entirety and costs, including attorney's fees.

Counter-Claimants Chazon Stein and Christopher Borgo requested unspecified compensatory damages, unspecified punitive damages, and costs, including attorney's fees.

OTHER ISSUES CONSIDERED AND DECIDED

On July 17, 2006, Claimants advised that a settlement had been reached with respect to Respondents Chazon Stein and Christopher J. Borgo.

On July 17, 2006, Claimants moved the Panel to dismiss their Statement of Claim against Salomon Grey Financial Corporation without prejudice on the grounds that said respondent had ceased operations and informally dissolved without assets. In addition, Salomon Grey's attorney had withdrawn from representation, leaving the firm without any contact information. Respondent Salomon Grey Financial Corporation did not file a response. After due deliberation, the Panel granted the motion.

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 and Claimants' request that they be allowed to dismiss their Statement of Claim against Respondent Salomon Grey Financial Corporation without Prejudice, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimants and Respondents Chazon Stein and Christopher Borgo have entered into a confidential settlement agreement.
- 2) Claimants' claims against Respondents Chazon Stein and Christopher Borgo are dismissed with prejudice.
- 3) Claimants' claims against Respondent Salomon Grey Financial Corporation are dismissed without prejudice.
- 4) Counter-Claimants Chazon Stein and Christopher Borgo's claims against Counter-Respondents Lewis E. Worms and the Lewis E. and Corrine I. Worms Trust are dismissed with prejudice.
- 5) The parties shall bear their respective costs, including attorney's fees.
- 6) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 300.00
Counterclaim filing fee	= \$ 250.00

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Salomon Grey Financial Corporation is a party and the following fees are assessed:

Member Surcharge	= \$1,700.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$2,750.00
Total Member Fees	= \$5,200.00

Three-Day Cancellation Fees

Three-day cancellation fees apply when a hearing on the merits is postponed or settled within three business days before the start of the first scheduled hearing session. The following three-day cancellation fees are assessed:

Cancellation of July 18 – 21, 2006 hearings dates: = \$ 300.00

1. The Panel assessed \$150.00 of the three-day cancellation fee jointly and severally to Claimants Lewis E. Worms and the Lewis E. and Corrine I. Worms Trust.
2. The Panel assessed \$150.00 of the three-day cancellation fee jointly and severally to Respondents Salomon Grey Financial Corporation, Chazon Stein, and Christopher J. Borgo.

Forum Fees and Assessments

The Panel 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, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing conference session
with a single arbitrator @ \$450.00/session = \$ 450.00
Pre-hearing conference: May 23, 2006 1 session

One (1) Pre-hearing conference session with the Panel @ \$1,125.00/session	= \$1,125.00
Pre-hearing conference: November 22, 2005 1 session	
Total Forum Fees	= \$1,575.00

1. The Panel assessed \$787.50 of the forum fees jointly and severally to Claimants Lewis E. Worms and the Lewis E. and Corrine I. Worms Trust.
2. The Panel assessed \$787.50 of the forum fees jointly and severally to Respondents Salomon Grey Financial Corporation, Chazon Stein, and Christopher J. Borgo.

Fee Summary

1. Claimants Lewis E. Worms and the Lewis E. and Corrine I. Worms Trust are jointly and severally charged with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Three-Day Cancellation Fee	= \$ 150.00
Forum Fees	= \$ 787.50
<u>Retained Deposit pursuant to Rule 10332(f)</u>	<u>= \$ 337.50</u>
Total Fees	= \$ 1,575.00
<u>Less payments</u>	<u>= \$(1,425.00)</u>
Balance Due NASD Dispute Resolution	= \$ 150.00

2. Respondent Salomon Grey Financial Corporation is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
<u>Less payments</u>	<u>= \$(6,512.50)</u>
Balance Due NASD Dispute Resolution	= \$(1,312.50)

3. Respondents Salomon Grey Financial Corporation, Chazon Stein, and Christopher J. Borgo are charged jointly and severally with the following fees and costs:

Three-Day Cancellation Fee	= \$ 150.00
Forum Fees	= \$ 787.50
Total Fees	= \$ 937.50
<u>Less payments by Salomon Grey Financial Corporation</u>	<u>= \$ (937.50)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

4. Respondents / Counter-Claimants Chazon Stein and Christopher J. Borgo are charged jointly and severally with the following fees and costs:

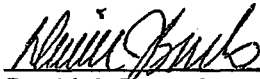
Counterclaim Filing Fee	= \$ 250.00
<u>Retained Deposit pursuant to Rule 10332(f)</u>	<u>= \$ 1,000.00</u>
Total Fees	= \$ 1,250.00
<u>Less payments</u>	<u>= \$ (0.00)</u>
Balance Due NASD Dispute Resolution	= \$ 1,250.00

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

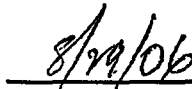
ARBITRATION PANEL

David J. Berardo	-	Public Arbitrator, Presiding Chair
Norman R. Cohen	-	Public Arbitrator
Robert Bruce MacDonald	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



David J. Berardo
Chair, Public Arbitrator



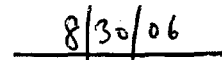
Signature Date

Norman R. Cohen
Public Arbitrator

Signature Date

Robert Bruce MacDonald
Non-Public Arbitrator

Signature Date



Date of Service

ARBITRATION PANEL

David J. Berardo	-	Public Arbitrator, Presiding Chair
Norman R. Cohen	-	Public Arbitrator
Robert Bruce MacDonald	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

David J. Berardo
Chair, Public Arbitrator

Signature Date



Norman R. Cohen
Public Arbitrator

8/29/06

Signature Date

Robert Bruce MacDonald
Non-Public Arbitrator

Signature Date

8/30/06

Date of Service

ARBITRATION PANEL

David J. Berardo	-	Public Arbitrator, Presiding Chair
Norman R. Cohen	-	Public Arbitrator
Robert Bruce MacDonald	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

David J. Berardo
Chair, Public Arbitrator

Signature Date

Norman R. Cohen
Public Arbitrator

Signature Date



Robert Bruce MacDonald
Non-Public Arbitrator

8/30/06
Signature Date

8/30/06
Date of Service