

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Khosrow Hakimian, Guity Hakimian, Danny Hakimian, Haleh Rahmana, Guita Hakimi, Roy Hakimian, Parviz Roubeni, Mahnaz Roubeni, *individually and derivatively on behalf of Olympus Partners, L.P.*, Javad Mehdizadeh, and Mehriz General Trading L.L.C., *individually and derivatively on behalf of Olympus Partner Fund, Ltd.* (Claimants) vs. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bear Stearns & Co., Inc., and Sanford Perlin (Respondents)

Case Number: 05-02906

Hearing Site: New York, New York

Nature of the Dispute: Customers vs. Members and Associated Person

REPRESENTATION OF PARTIES

Claimants Khosrow Hakimian, Guity Hakimian, Danny Hakimian, Haleh Rahmana, Guita Hakimi, Roy Hakimian, Parviz Roubeni, Mahnaz Roubeni, *individually and derivatively on behalf of Olympus Partners, L.P.*, Javad Mehdizadeh, and Mehriz General Trading L.L.C., *individually and derivatively on behalf of Olympus Partner Fund, Ltd.* hereinafter collectively referred to as "Claimants": Alan L. Frank, Esq., Frank, Rosen, Snyder & Moss, LLP, Elkins Park, PA.

Respondent Merrill Lynch, Pierce, Fenner and Smith Incorporated ("Merrill Lynch"): Dimitri Nemirovsky, Esq., Bingham McCutchen LLP, New York, NY.

Respondent Bear Stearns & Co., Inc. ("Bear Stearns"): David S. Smith, Esq., Smith Campbell, LLP, New York, NY.

Respondent Sanford Perlin ("Perlin"): Lloyd D. Feld, Esq., Armonk, NY.

CASE INFORMATION

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

Khosrow Hakimian signed the Uniform Submission Agreement.

Guity Hakimian signed the Uniform Submission Agreement.

Danny Hakimian signed the Uniform Submission Agreement.

Haleh Rahmana signed the Uniform Submission Agreement.

Guita Hakimi signed the Uniform Submission Agreement.

Roy Hakimian signed the Uniform Submission Agreement.

Parviz Roubeni signed the Uniform Submission Agreement.

Mahnaz Roubeni signed the Uniform Submission Agreement.

Javad Mehdizadeh signed the Uniform Submission Agreement.

Mehriz General Trading L.L.C. signed the Uniform Submission Agreement.

Statement of Answer filed by Merrill Lynch on or about: September 9, 2005.

Merrill Lynch signed the Uniform Submission Agreement: September 16, 2005.

Statement of Answer filed by Bear Stearns on or about: September 15, 2005.
Bear Stearns signed the Uniform Submission Agreement: September 29, 2005.

Statement of Answer filed by Perlin on or about: September 8, 2005.
Perlin signed the Uniform Submission Agreement: September 5, 2005.

CASE SUMMARY

Claimants asserted the following causes of action against Merrill Lynch and Perlin: violation of Section 10(b) of the Securities Exchange Act of 1934, violation of the New Jersey Uniform Securities Act, violations of NASD Rule 2310(a) and NYSE Rule 405(1), suitability, breach of fiduciary duty, failure to supervise, control person liability, breach of contract and the covenant of good faith and fair dealing, respondeat superior, common law fraud, professional negligence, and rescission. The causes of action relate to Olympus hedge fund.

Claimants asserted the following causes of action against Bear Stearns: professional negligence, breach of the duty of care, violations of NASD/NYSE conduct rules.

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

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

Unless specifically admitted in his Answer, Perlin denied the allegations made in the Statement of Claim.

RELIEF REQUESTED

Claimants requested compensatory damages in an amount in excess of \$4,000,000.00 against Merrill Lynch and Perlin, compensatory damages in an amount in excess of \$4,000,000.00 against Bear Stearns, costs, attorneys' fees, punitive damages, interest at the legal rate on all sums recovered, and such other relief as the arbitrators deem just and proper.

Merrill Lynch requested dismissal of the Statement of Claim in its entirety, and such other, further, and different relief as the Panel may deem appropriate.

Bear Stearns requested dismissal of the Statement of Claim with prejudice, attorneys' fees, costs, forum fees, and such other and further relief as the Panel deems appropriate.

Perlin requested dismissal of the Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

The Panel determined that Claimants did not have standing to bring claims on behalf of Olympus Partners, L.P. and Olympus Partner Fund, Ltd. Therefore, Olympus Partners, L.P. and Olympus Partner Fund, Ltd. are not parties to this proceeding.

A telephonic pre-hearing conference was held on January 17, 2006, during which the Panel heard oral arguments on Merrill Lynch, Bear Stearns, and Perlin's respective Motions to Dismiss. After due deliberation, the Panel granted Bear Stearns' Motion to Dismiss for lack of standing and granted Merrill Lynch and Perlin's respective Motions to Dismiss under NASD Code of Arbitration Procedure Rule 10304 and New York and federal statute of limitations.

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 and Respondents' respective Motions to Dismiss, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims are dismissed in their entirety.
2. 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, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bear Stearns & Co., Inc. are parties.

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

Two (2) Pre-hearing sessions with Panel @ \$1,200.00/session	= \$ 2,400.00
Pre-hearing conference: November 28, 2005 1 session	
January 17, 2006 1 session	
Total Forum Fees	= \$ 2,400.00

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

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$	600.00
<u>Forum Fees</u>	= \$	<u>2,400.00</u>
Total Fees	= \$	3,000.00
<u>Less payments</u>	= \$	<u>1,800.00</u>
Balance Due NASD Dispute Resolution	= \$	1,200.00

2. Respondent Merrill Lynch is solely liable for:

<u>Member Fees</u>	= \$	<u>8,550.00</u>
Total Fees	= \$	8,550.00
<u>Less payments</u>	= \$	<u>10,050.00</u>
Refund Due Merrill Lynch	= \$	1,500.00

3. Respondent Bear Stearns is solely liable for:

<u>Member Fees</u>	= \$	<u>8,550.00</u>
Total Fees	= \$	8,550.00
<u>Less payments</u>	= \$	<u>3,550.00</u>
Balance Due NASD Dispute Resolution	= \$	5,000.00

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

ARBITRATION PANEL

Michael H. DuBoff, Esq.
Joseph H. Cerame, Esq.
Dominick T. Scianandrea

Public Arbitrator, Presiding Chairperson
Public Arbitrator
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.

Michael H. DuBoff, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date 1/27/06

Joseph H. Cerame, Esq.
Public Arbitrator

Signature Date

Dominick T. Scianandre
Non-Public Arbitrator

Signature Date

JANUARY 30, 2006

Date of Service: (For NASD Dispute Resolution use only)

NASD Dispute Resolution
Arbitration No. 05-02906
Award Page 5 of 5

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Dominick T. Scianandré	-	Non-Public Arbitrator

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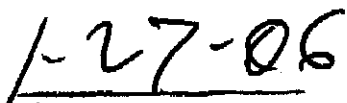
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Public Arbitrator, Presiding Chairperson

Signature Date



Joseph H. Cerame, Esq.
Public Arbitrator



Signature Date

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Award Page 5 of 5

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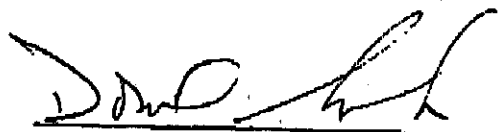
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Public Arbitrator, Presiding Chairperson

Signature Date

Joseph H. Cerame, Esq.
Public Arbitrator

Signature Date



Dominick T. Scianandre
Non-Public Arbitrator

1/30/06

Signature Date

JANUARY 30, 2006

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