

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant / Counter-Respondent

Solaris Opportunity Fund, LP

vs.

Case Number: 06-00279
Hearing Site: Chicago, Illinois

Names of Respondents

STG Secure Trading Group, Inc.,
Penson Financial Services, Inc.,
Scott David Budner, and Alan David Weiner

and

Counter-Claimants / Third-Party Claimants

STG Secure Trading Group, Inc.,
Scott David Budner, and Alan David Weiner

vs.

Third-Party Respondents

Patrick G. Rooney and John Ryan Rooney

NATURE OF THE DISPUTE

Customer vs. Members and Associated Persons

REPRESENTATION OF PARTIES

Solaris Opportunity Fund, LP ("Solaris"), Patrick G. Rooney, ("Pat Rooney"), and John Ryan Rooney ("John Rooney") were represented by Gerald M. Miller, Esq. and James E. Judge, Esq., Vanasco, Gennelly & Miller, Chicago, Illinois.

STG Secure Trading Group, Inc. ("STG"), Scott Budner ("Budner") and Alan Weiner ("Weiner") were represented by David J. Feingold, Esq., Feingold & Kam, LLC, Palm Beach Gardens, Florida until on or about October 6, 2006.

Scott Budner was represented at the hearing by Edward D. Shapiro, Esq., Much Shelist Freed Denenberg Ament & Rubenstein, PC, Chicago, Illinois.

Penson Financial Services, Inc. ("Penson") was represented by Thomas W. Craddock, Esq. and William David Simmons, Esq., McGuire, Craddock & Strother, P.C., Dallas, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about January 19, 2006. The Submission Agreement of Claimant, Solaris Opportunity Fund, LP, was signed on or about January 19, 2006.

The Statement of Answer, Counterclaim and Third-Party Claim was filed by Respondents, STG, Budner, and Weiner, on or about March 6, 2006. The Submission Agreement of Respondent STG was signed on or about February 6, 2006. The Submission Agreement of Respondent Budner was signed on or about February 6, 2006. The Submission Agreement of Respondent Weiner was signed on or about March 16, 2006.

The Statement of Answer was filed by Respondent Penson on or about March 15, 2006. The Submission Agreement of Respondent Penson was signed on or about February 7, 2006.

Claimant filed an Answer to the Counterclaim on or about March 17, 2006. Pat and John Rooney filed a Response to the Third-Party Claim on or about March 17, 2006.

Solaris filed a Motion to Amend Statement Claim and for Preliminary Injunctive Relief together with the proposed Amended Statement of Claim on or about April 26, 2006.

Respondents, STG, Weiner, and Budner filed a Memorandum in Opposition to Solaris' Motion to Amend Statement of Claim on or about April 28, 2006.

Solaris filed a Reply in Support of Motion to Amend Statement of Claim and Preliminary Injunctive relief on or about May 8, 2006.

Respondents, STG, Weiner, and Budner filed a Request to Postpone the hearing on or about October 6, 2006. Claimants filed a response on or about October 6, 2006.

CASE SUMMARY

Solaris asserted the following causes of action: breach of contract; conversion; fraud; breach of fiduciary duty; and negligence. The causes of action related to Respondents' recommendation that the parties enter into a joint back office agreement ("JBO") under which Solaris was to obtain more favorable margin requirements than it was obtaining as a regular customer. However, Solaris is not a broker-dealer and therefore, was not eligible to be part of a JBO. Solaris alleged that Respondents were aware of that fact and alleged that the JBO caused Solaris' positions to be liquidated. Solaris further alleged Respondents failed to transfer the liquidated funds back to Solaris. Subsequently, the parties entered into a settlement agreement whereby Respondents agreed to repay the liquidated funds in installments. Solaris finally alleged that Respondents failed to pay the last installment per the settlement agreement of the parties.

Unless specifically admitted in its Answer, Respondent Penson denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Solaris failed to mitigate its damages; Solaris is barred from any recovery against Penson by the equitable doctrines of waiver, estoppel, and ratification; Penson is not liable to Solaris for damages it seeks because Solaris assumed the risk of all of the speculative investments it made; Penson never made any representations to Solaris concerning its account other than those stated in the applicable agreements; Solaris was solely negligent; and Penson is not responsible for the acts and/or omissions of any other Respondent.

Unless specifically admitted in their Answer, Respondents, STG, Weiner, and Budner denied the allegations made in the Statement of Claim and denied each and every request for relief therein.

Respondents, STG Weiner and Budner filed a Counterclaim and Third-Party Claim asserting the following causes of action: fraud; breach of fiduciary duty; and negligence. The causes of action related to Respondents' allegations that Solaris failed to repay STG certain funds due under a loan agreement between Solaris and STG and also that paying out Solaris' remaining paid-in-capital could possibly subject STG to liability. Respondents' further alleged that Pat and John Rooney held themselves out to be entities which were not statutorily disqualified and which made full and complete legal disclosures so that Solaris could become a member of STG. Respondents also alleged that STG relied on false statements of Solaris and Pat and John Rooney in making its business and expansion decisions.

In their Answer to the Counterclaim and Third-Party Claim, Claimants denied the allegations made in the Counterclaim and Pat and John Rooney denied the allegations made in the Third-Party Claim.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$ 1,984,313.00
Exemplary/Punitive Damages	\$ 1,984,313.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

In the Counterclaim and Third-Party claim, Respondents, STG, Weiner, and Budner requested an award in the amount of:

Actual/Compensatory Damages	Unspecified
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Solaris requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

Pat and John Rooney requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimants, the undersigned Panel determined that Respondents, STG Secure Trading Group, Inc. and Alan David Weiner, have 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 Respondents, STG Secure Trading Group, Inc. and Alan David Weiner, present in accordance with the NASD Code of Arbitration Procedure (the "Code").

Third-Party Respondents, Patrick G. Rooney and John Ryan Rooney, did not file with the NASD Dispute Resolution properly executed Uniform Submission Agreements but, having answered the Third-Party Claim, and having appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

In its Order entered May 22, 2006, the Panel granted Solaris' Motion to Amend Statement of Claim and denied Solaris' Motion for a Preliminary Injunction.

On or about August 2, 2006, Solaris voluntarily withdrew and dismissed without prejudice claims B, C, D, and E of its Amended Statement of Claim against Respondents, STG, Weiner, and Budner.

On or about September 20, 2006, Solaris voluntarily withdrew and dismissed without prejudice its claims against Penson Financial Services, Inc.

On or about October 9, 2006, the Panel denied Respondents', STG, Weiner, and Budner request for Postponement and ruled that the hearing would proceed on October 10, 2006. The Panel further ruled that it would hear argument and discussion on Respondents' request at the hearing.

On or about October 10, 2006, Respondents, STG and Weiner, filed a statement in support of their request to postpone the hearing but failed to appear at the hearing.

At the hearing, based on the testimony, oral argument and other considerations, including prejudice to the Claimant, the Panel denied the postponement requested by Respondents, STG and Weiner, and entered the following Order:

- 1.) Respondent Budner's request for a postponement of the hearing was granted, and Claimant's claims against Respondent Budner were severed from this case.
- 2.) The request for a postponement of the hearing by Respondents, STG Secure Trading Group, Inc. and Alan Weiner, was denied, and pursuant to the Code, Claimant was permitted to present its case against Respondents, STG Secure Trading Group, Inc. and Alan Weiner.

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 the evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondents, STG Secure Trading Group, Inc. and Alan Weiner, are jointly and severally liable for and shall pay to Claimant, Solaris Opportunity Fund, LP, the sum of \$1,899,088.20 in compensatory damages;
- 2.) Respondents, STG Secure Trading Group, Inc. and Alan Weiner, are jointly and severally liable for and shall pay to Claimant, Solaris Opportunity Fund, LP, interest on the above-stated sum in the amount of \$265,248.62;
- 3.) Respondents, STG Secure Trading Group, Inc. and Alan Weiner, are jointly and severally liable for and shall pay to Claimant, Solaris Opportunity Fund, LP, the sum of \$74,975.00 in attorneys' fees pursuant to the parties' settlement agreement;

- 4.) Respondents, STG Secure Trading Group, Inc. and Alan Weiner, are jointly and severally liable for and shall pay to Claimant, Solaris Opportunity Fund, LP, the sum of \$851.08 in costs and expenses;
- 5.) The Counterclaim and Third-Party Claim of STG Secure Trading Group, Inc. and Alan Weiner is denied and dismissed with prejudice; and
- 6.) Any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fees for each claim:

Initial Claim filing fee	= \$ 600.00
Counterclaim filing fee	= \$ 500.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the event giving rise to the dispute. In this matter, the member firms are STG Securities Trading Group, Inc., and Person Financial Services, Inc.

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 hearing session conducted. 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:

Two (2) Pre-hearing sessions with a single arbitrator x \$450.00	= \$ 900.00
Pre-hearing conferences:	
June 30, 2006	1 session
July 21, 2006	1 session

One (1) Pre-hearing session with Panel x \$1,200.00 = \$ 1,200.00
Pre-hearing conference: May 22, 2006 1 session

One (1) Hearing session x \$1,200.00 = \$ 1,200.00
Hearing Date October 10, 2006 1 session

Total Forum Fees = \$ 3,300.00

The Panel has assessed \$1,650.00 of the forum fees to Solaris Opportunity Fund, LP.

The Panel has assessed \$1,650.00 of the forum fees jointly and severally to Respondents STG Secure Trading Group, Inc., Scott Budner, and Alan Weiner.

FEE SUMMARY

Claimant, Solaris Opportunity Fund, LP , is liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$ 1,650.00
Total Fees	= \$ 2,250.00
Less payments	= \$ 1,800.00
Balance Due NASD Dispute Resolution	= \$ 450.00

Respondent, STG Secure Trading Group, Inc., is liable for:

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

Respondent, Penson Financial Services, Inc., is liable for:

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

Respondents, STG Secure Trading Group, Inc., Scott Budner, and Alan Weiner, are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 500.00
Forum Fees	= \$ 1,650.00
Total Fees	= \$ 2,150.00
Less payments	= \$ 1,500.00
Balance Due NASD Dispute Resolution	= \$ 650.00

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

ARBITRATION PANEL

Mitchell L. Marinello, Esq. - Public Arbitrator, Presiding Chair
James D. Adducci, Esq. - Public Arbitrator
John C. Bierbusse - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Mitchell L. Marinello, Esq.
Mitchell L. Marinello, Esq.
Public Arbitrator, Presiding Chair

October 24, 2006
Signature Date

/s/ James D. Adducci, Esq.
James D. Adducci, Esq.
Public Arbitrator

October 25, 2006
Signature Date

John C. Bierbusse
Non-Public Arbitrator

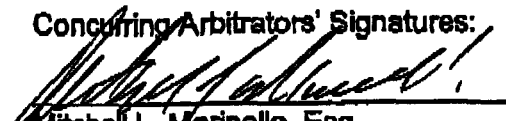
Signature Date

October 25, 2006
Date of Service (For NASD office use only)

ARBITRATION PANEL

Mitchell L. Marinello, Esq. - Public Arbitrator, Presiding Chair
James D. Adducci, Esq. - Public Arbitrator
John C. Bierbusse - Non-Public Arbitrator

Concurring Arbitrators' Signatures:



Mitchell L. Marinello, Esq.
Public Arbitrator, Presiding Chair

12/24/06

Signature Date

James D. Adducci, Esq.
Public Arbitrator

Signature Date

John C. Bierbusse
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)


ARBITRATION PANEL

Mitchell L. Marinello, Esq. - Public Arbitrator, Presiding Chair
James D. Adducci, Esq. - Public Arbitrator
John C. Bierbusse - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Mitchell L. Marinello, Esq.
Public Arbitrator, Presiding Chair

Signature Date



James D. Adducci, Esq.
Public Arbitrator



Signature Date

John C. Bierbusse
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)