

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Thomas D. Gleason, Augustus M. Gleason, and Luke D. Gleason by and through their parents and guardians Thomas H. Gleason and Adelaide Nardone (Claimants) vs. Spencer Trask Ventures, Inc. and Scott F. Schulte (Respondents)

Case Number: 06-00835

Hearing Site: Providence, Rhode Island

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

REPRESENTATION OF PARTIES

Claimants Thomas D. Gleason ("T.D. Gleason"), Augustus M. Gleason ("A. Gleason"), and Luke D. Gleason ("L. Gleason") by and through their parents and guardians Thomas H. Gleason and Adelaide Nardone hereinafter collectively referred to as "Claimants": Thomas M. Campbell, Esq., Smith Campbell, LLP, New York, NY.

Respondents Spencer Trask Ventures, Inc. ("Spencer Trask") and Scott F. Schulte ("Schulte") hereinafter collectively referred to as "Respondents": Richard A. Roth, Esq. and Jordan M. Kam, Esq., The Roth Law Firm, PLLC, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: February 17, 2006.

Claimants' Response to Counterclaims and Third-Party Claims filed on or about: June 1, 2006.

T.D. Gleason signed the Uniform Submission Agreement: February 17, 2006.

A. Gleason signed the Uniform Submission Agreement: February 17, 2006.

L. Gleason signed the Uniform Submission Agreement: February 17, 2006.

Statement of Answer, Counterclaims, Third-Party Claims, and Motion to Dismiss and/or Stay the Arbitration filed by Respondents on or about: May 2, 2006.

Spencer Trask did not submit a Uniform Submission Agreement.

Schulte did not submit a Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: suitability, over-concentration, negligence, failure to supervise, breach of fiduciary duty, violation of Section 10(b) and Rule 10b-5 of the Securities and Exchange Act of 1934, common law fraud, respondeat superior, and control person liability. The causes of action relate to the Bayou Hedge Fund.

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

In their Counterclaims and Third-Party Claims, Respondents asserted the following cause of action: fraud in the inducement.

Unless specifically admitted in their Response to Counterclaims and Third-Party Claims, Claimants denied the allegations made in the Counterclaims and Third-Party Claims.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$330,000.00 plus pre-judgment interest at the rate of 9% per annum beginning from the date of the investments and post-judgment interest at the rate of 9% per annum beginning from the date of the award, punitive damages, fees, commissions, costs, attorneys' fees, filing fees, forum fees, and such other and further relief as the Panel may deem just under the circumstances.

Respondents requested dismissal of the Statement of Claim in its entirety or, in the alternative, a stay of the arbitration proceeding until Claimants either opt out of the class-action lawsuit against Bayou or the seized \$101,000,000.00 is divided and refunded to Bayou's investors, attorneys' fees, costs, and further relief which the Panel deems just and proper.

In their Counterclaims and Third-Party Claims, Respondents requested unspecified compensatory damages plus interests and costs.

Claimants requested dismissal of Respondents' Counterclaims and Third-Party Claims in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Spencer Trask and Respondent Schulte did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the Code and having answered the claim are bound by the determination of the Panel on all issues submitted.

During the July 10, 2006 Initial Pre-Hearing Conference the parties informed the Panel that the parties settled this matter.

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

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. The parties have entered into a confidential settlement agreement.
2. Claimants' claims are dismissed with prejudice.
3. Respondents' Counterclaims and Third-Party Claims are dismissed with prejudice.
4. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Schulte's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 04-16, Respondent Schulte must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Pursuant to Rule 2130 of the NASD Code of Arbitration Procedure, the arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous.

5. 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	= \$ 300.00
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 firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Spencer Trask Ventures, Inc. is a party.

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00

Forum Fees and Assessments

The Panel has assessed forum fees for each 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 Panel @ \$1,125.00	= \$ 2,250.00
Pre-hearing conferences: July 10, 2006 1 session	
September 5, 2006 1 session	
<hr/> Total Forum Fees	<hr/> = \$ 2,250.00

1. Regarding the September 5, 2006 conference, the Panel has assessed the forum fees as follows:
 - a. Claimants are assessed \$562.50 of the forum fees.
 - b. Respondents are assessed \$562.50 of the forum fees, jointly and severally.
2. Pursuant to Rule 10306, the remaining forum fees are assessed as follows:
 - a. Claimants are assessed \$375.00 of the forum fees.
 - b. Respondent Spencer Trask is assessed \$375.00 of the forum fees.
 - c. Respondent Schulte is assessed \$375.00 of the forum fees.

Fee Summary

1. Claimants are solely liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 937.50
<hr/> Total Fees	<hr/> = \$ 1,237.50
Less payments	= \$ 1,575.00
<hr/> Refund Due Claimants	<hr/> = \$ 337.50
2. Respondents are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 500.00
Forum Fees	= \$ 562.50
<hr/> Total Fees	<hr/> = \$ 1,062.50
Less payments	= \$ 1,062.50
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$ 0.00
3. Respondent Spencer Trask is solely liable for:

Forum Fees	= \$ 375.00
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<u>Member Fees</u>	= \$ 2,450.00
<u>Total Fees</u>	= \$ 2,825.00
<u>Less Payments</u>	= \$ 2,887.50
Refund Due Respondent Spencer Trask	= \$ 62.50

4. Respondent Schulte is solely liable for:

<u>Forum Fees</u>	= \$ 375.00
<u>Total Fees</u>	= \$ 375.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 375.00

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

ARBITRATION PANEL

Mary C. Kelleher	-	Public Arbitrator Presiding Chairperson
Douglas R. Savidge	-	Public Arbitrator
Patrick W. McKeon, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Mary C. Kelleher
Mary C. Kelleher
Public Arbitrator, Presiding Chairperson

Sept. 12, 2006
Signature Date

Douglas R. Savidge
Public Arbitrator

Signature Date

Patrick W. McKeon, Esq.
Non-Public Arbitrator

Signature Date

September 14, 2006

Date of Service (For NASD Dispute Resolution use only)

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Mary C. Kelleher	-	Public Arbitrator, Presiding Chairperson
Douglas R. Savidge	-	Public Arbitrator
Patrick W. McKeon, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Mary C. Kelleher
Public Arbitrator, Presiding Chairperson

Signature Date

Douglas R. Savidge
Public Arbitrator

Signature Date

Patrick W. McKeon
Patrick W. McKeon, Esq.
Non-Public Arbitrator

9-12-06
Signature Date

September 14, 2006
Date of Service (For NASD Dispute Resolution use only)