

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

Deutsche Bank Securities, Inc.

vs.

Case Number: 06-02386
Hearing Site: Dallas, Texas

Names of Respondents

The Stanford Financial Group,
Michael Trent Miller,
Stephen D. Robinson,
Elizabeth Ann Erickson,
Lori Bensing,
Eddie Rollins, and
Jason D'Amato

and

Names of Counter-Claimants

Michael Trent Miller and
Stephen D. Robinson

vs.

Name of Counter-Respondent

Deutsche Bank Securities, Inc.

NATURE OF THE DISPUTE

Member vs. Member and Associated Persons

REPRESENTATION OF PARTIES

Deutsche Bank Securities, Inc. ("DBSI") was represented by Gayla C. Crain, Esq., Scott Aston, Esq., and Aaron R. Ramirez, Esq., Epstein Becker Green Wickliff & Hall, PC, Dallas, Texas.

The Stanford Financial Group ("Stanford") was represented by J.B. (Trey) Henderson, III, Esq., Doyle, Restrepo, Harvin & Robbins, L.L.P., Houston, Texas.

Michael Trent Miller ("Miller") was represented by Richard A. Sayles, Esq., Sayles Werbner PC, Dallas, Texas.

Stephen D. Robinson ("Robinson") was represented by Rodolfo Rodriguez, Jr., Esq., Gruber Hurst Johansen Hail LLP, Dallas, Texas.

Elizabeth Ann Erickson ("Erickson") was represented by Michael G. Brown, Esq., Figari & Davenport LLP, Dallas, Texas.

Lori Bensing ("Bensing"), Eddie Rollins ("Rollins"), and Jason D'Amato ("D'Amato") were represented by Stephen H. Lee, Esq., Doyle Restrepo Harvin & Robbins LLP, Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about May 15, 2006. The Submission Agreement of DBSI was signed on or about May 2, 2006 by Leslie Greco-Pool, Branch Manager. The Amended Statement of Claim was filed on or about June 30, 2006.

The Statement of Answer was filed by Respondents Stanford, Miller and Robinson on or about June 26, 2006.

The Submission Agreement of Respondent Miller was signed on or about July 5, 2006. The Submission Agreement of Respondent Robinson was signed on or about July 5, 2006.

The Motion to Strike Amended Statement of Claim was filed by Respondents, Stanford, Miller and Robinson, on or about July 5, 2006. The Response to the Motion to Strike Amended Statement of Claim was filed by DBSI on or about July 24, 2006. The Motion to Re-Urge Respondents' Motion to Strike Amended Statement of Claim was filed by Respondents, Stanford, Miller, Robinson, Erickson, Bensing, Rollins and D'Amato, on or about July 26, 2006.

The Motion for Leave to File Amended Statement of Claim was filed by DBSI on or about July 7, 2006. The Response to Claimant's Motion for Leave to File Amended Statement of Claim was filed by Respondents Stanford, Miller, Robinson, Erickson, Bensing, Rollins, and D'Amato on or about July 26, 2006.

The Amended Statement of Answer was filed by Respondents, Stanford, Miller, Robinson, Erickson, Bensing, Rollins and D'Amato, on or about August 18, 2006. The Amended Counterclaim was filed by Miller and Robinson on or about August 18, 2006.

The Motion for Leave to File Second Amended Statement of Claim was filed by Claimant on or about September 27, 2006. The Answer to Counterclaim was filed by DBSI on or about September 27, 2006. The Response to Claimant's Motion for Leave to File Second Amended Statement of Claim was filed by Respondents, Stanford, Miller, Robinson, Erickson, Bensing, Rollins, and D'Amato, on or about October 6, 2006. The Reply to Respondents' Response to Claimant's Motion for Leave to File Second Amended Statement of Claim was filed by DBSI on or about October 17, 2006.

The Motion to Strike Answer to Counterclaim was filed by Respondents, Stanford, Miller, Robinson, Erickson, Bensing, Rollins, and D'Amato, on or about October 6, 2006. The Response to Motion to Strike Answer to Counterclaim was filed by DBSI on or about October 17, 2006.

CASE SUMMARY

DBSI asserted the following causes of action: breach of fiduciary duty; breach of duty of loyalty; misappropriation of confidential information; tortious interference; business disparagement; breach of contract; violation of the Computer Fraud and Abuse Act, 18 USC §1030; employee raiding; conversion; violation of the Racketeer Influenced and Corrupt Organization Act ("RICO"); and conspiracy to violate the RICO Act. The causes of action related to resignation of Miller, Robinson and Erickson from DBSI, and their subsequent employment at Stanford. Prior to their resignations, Miller and Robinson transferred proprietary information belonging to DBSI to their personal e-mail accounts, including client information, and solicited current DBSI clients in anticipation of their move to Stanford. Claimant alleged that Erickson assisted in their actions. DBSI further alleged that Respondents Stanford, Bensing, Rollins and D'Amato induced and knowingly participated in Miller, Robinson and Erickson's actions.

Unless specifically admitted in their Answer, Respondents Stanford, Miller, Robinson, Erickson, Bensing, Rollins and D'Amato denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Amended Statement of Claim fails to state any cause of action against Respondents for which relief may be granted; DBSI is not entitled to recovery from Bensing, Rollins and D'Amato because they are not liable in their individual capacity; the claims are barred by the doctrines of laches, unclean hands, waiver and estoppel; DBSI's efforts to restrict customers from transferring their accounts violates Rule 11870 of the NASD Uniform Practice Code; Respondents' conduct was justified in that all times they acted in good faith and/or exercised their own legal rights; there was no consideration given for any agreement between DBSI and either Miller, Robinson, Erickson, or Stanford; DBSI is not entitled to recover under the doctrines of accord and satisfaction, ratification, repudiation, revocation, and waiver because, among other reasons, it agreed in writing that the DBSI non-compete agreement would not apply to Respondents; DBSI is not entitled to recover under its claim for misappropriation of confidential information because, among other reasons, the information Miller, Robinson, and Erickson allegedly took was neither confidential nor DBSI's proprietary or trade secret

information, and was discovered or developed independently of DBSI; DBSI is not entitled to recover under any of its claims because, among other reasons, Respondents were legally justified in all their actions; DBSI is not entitled to recover under its claim for tortious interference because, among other reasons, Respondents were legally justified in their action and there is no evidence to sustain the claim; DBSI is not entitled to recover under its claim for business disparagement because, among other reasons, any statements made by Respondents regarding Claimant were true, or mere expressions of opinion, and DBSI cannot prove any applicable damages; DBSI is not entitled to recover under its claim for employee raiding because Respondents did not actively solicit any key personnel at DBSI or a competing business; DBSI cannot recover under its claim for commercial robbery under federal or Texas law because Respondents' actions do not meet the requirements of either statute; DBSI is not entitled to recover under its claim for computer fraud because the violation alleged does not satisfy the requirements of 18 USC §1030(g) which are a prerequisite to a civil action under the statute; DBSI is not entitled to recover under its claim for racketeering because Respondents have not engaged in racketeering activity as defined under the statute and there is no evidence to satisfy all elements of the RICO statute; DBSI is not entitled to recover under its claim for conversion because it did not have a superior right to title to the property allegedly converted and it did not suffer any damages as a result of the alleged conversion; DBSI is not entitled to recover attorneys' fees because, among other reasons, it has not pleaded and cannot prove any cause of action in which attorneys' fees may be recovered; DBSI's claims are barred because, among other reasons, it failed to mitigate any damages it may have incurred; the damages allegedly sustained by DBSI were proximately caused, if at all, by intervening and superseding events or acts of it, for which Respondents are not responsible; DBSI's claims are barred by the statute of frauds; and, DBSI is not entitled to the establishment of a constructive trust because, among other reasons, it cannot prove that there was a breach of a special trust, a fiduciary relationship, or actual fraud, and it cannot prove that any Respondent was unjustly enriched.

Miller and Robinson asserted the following cause of action in their counterclaim: breach of contract. This cause of action related to DBSI's actions in seeking injunctive relief and interfering with Miller's and Robinson's ability to compete for business and in making disparaging remarks to clients.

Unless specifically admitted in its Answer, DBSI denied the allegations made in the Counterclaim.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages
RICO Damages
Interest

Unspecified
Unspecified
Unspecified

Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified
Other Non-Monetary Relief	Permanent Injunction

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, Miller and Robinson requested an award in the amount of:

Actual/Compensatory Damages	Unspecified
Attorneys' Fees	Unspecified

In its Answer, DBSI requested that Miller and Robinson take nothing by reason of their counterclaim.

OTHER ISSUES CONSIDERED & DECIDED

Respondents Stanford, Erickson, Bensing, Rollins and D'Amato did not file with the NASD Dispute Resolution properly executed Uniform Submission Agreement s but are required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

On or about August 3, 2006, the parties entered into an agreement in which Respondents, Stanford, Miller, and Robinson, withdrew their objections to the filing of the First Amended Statement of Claim, which asserted new claims and joined new parties. As a result, the Panel permitted its filing.

The first day of hearing was October 24, 2006. After discussion with the Panel, the parties withdrew their objections to each others pleadings, including the Second Amended Statement of Claim and the Answer to the Counterclaim and the Panel permitted these filings.

At hearing, Respondents Miller, Robinson, Erickson, Bensing, Rollins and D'Amato requested that the Panel order any reference of this matter be removed from the registration records maintained by the NASD Central Registration Depository ("CRD") based on the defamatory nature of the information.

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.) Claimant, Deutsche Bank Securities, Inc.'s, claims, each and all, are hereby denied and dismissed with prejudice;
- 2.) The Counterclaim of Michael Trent Miller and Stephen D. Robinson is denied and dismissed with prejudice;
- 3.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
- 4.) The Panel recommends the expungement of any reference to this dispute or arbitration from Respondent Michael Trent Miller, Stephen D. Robinson, Elizabeth Ann Erickson, Lori Bensing, Eddie Rollins, and Jason D'Amato's registration records maintained by the NASD Central Registration Depository ("CRD") based on the defamatory nature of the information in the CRD system;
- 5.) The Panel directs the parties to seek a dismissal of the state court injunction case; and,
- 6.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

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	= \$	500.00
Counterclaim filing fee	= \$	250.00

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 persons at the time of the events giving rise

to the dispute. In this matter, the member firms are Deutsche Bank Securities, Inc. and The Stanford Financial Group.

Member surcharge	= \$ 1,500.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,200.00

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who filed a temporary injunction in court. Parties in these cases are also assessed arbitration travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing on permanent injunction. These fees, except for the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel:

Deutsche Bank Securities, Inc. is assessed:	
Injunctive relief surcharge	= \$ 2,500.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing 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 arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,000.00	= \$ 1,000.00
Pre-hearing conference: May 31, 2006	1 session

Twelve (12) Hearing sessions x \$1,000.00	= \$ 12,000.00
Hearing Dates:	
October 24, 2006	2 sessions
October 25, 2006	2 sessions
October 26, 2006	2 sessions
October 27, 2006	1 session
October 30, 2006	2 sessions
October 31, 2006	2 sessions
November 1, 2006	1 session

Total Forum Fees	= \$ 13,000.00
------------------	----------------

The Panel has assessed \$6,500.00 of the forum fees to Deutsche Bank Securities, Inc.

The Panel has assessed \$6,500.00 of the forum fees jointly and severally to The Stanford Financial Group, Michael Trent Miller, Stephen D. Robinson, Elizabeth Ann Erickson, Lori Bensing, Eddie Rollins, and Jason D'Amato.

FEE SUMMARY

Claimant, Deutsche Bank Securities, Inc., is liable for:

Initial Filing Fee	= \$	500.00
Member Fees	= \$	4,450.00
Injunctive Relief Fee	= \$	2,500.00
Forum Fees	= \$	6,500.00
Total Fees	= \$	13,950.00
Less payments	= \$	10,950.00
Balance Due NASD Dispute Resolution	= \$	3,000.00

Respondent, The Stanford Financial Group, is liable for:

Member Fees	= \$	4,450.00
Total Fees	= \$	4,450.00
Less payments	= \$	4,450.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondents, Michael Trent Miller and Stephen D. Robinson, are jointly and severally liable for:

Counterclaim Filing Fee	= \$	250.00
Total Fees	= \$	250.00
Less payments	= \$	0.00
Balance Due NASD Dispute Resolution	= \$	250.00

Respondents, The Stanford Financial Group, Michael Trent Miller, Stephen D. Robinson, Elizabeth Ann Erickson, Lori Bensing, Eddie Rollins, and Jason D'Amato, are jointly and severally liable for:

Forum Fees	= \$	6,500.00
Total Fees	= \$	6,500.00
Less payments	= \$	0.00
Balance Due NASD Dispute Resolution	= \$	6,500.00

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

ARBITRATION PANEL

Louis J. Weber, Jr., Esq. - Public Arbitrator, Presiding Chair
Edwin J. Tomko, Esq. - Public Arbitrator
Jack R. Settles - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Louis J. Weber, Jr., Esq.
Public Arbitrator, Presiding Chair

Signature Date

Edwin J. Tomko, Esq.
Public Arbitrator

Signature Date

Jack R. Settles
Non-Public Arbitrator

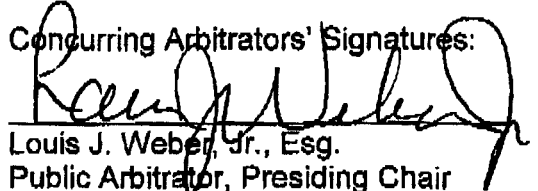
Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

Louis J. Weber, Jr., Esq. - Public Arbitrator, Presiding Chair
Edwin J. Tomko, Esq. - Public Arbitrator
Jack R. Settles - Non-Public Arbitrator

Concurring Arbitrators' Signatures:



Louis J. Weber, Jr., Esq.
Public Arbitrator, Presiding Chair

11/20/06

Signature Date

Edwin J. Tomko, Esq.
Public Arbitrator

Signature Date

Jack R. Settles
Non-Public Arbitrator

Signature Date

11/20/06 MCM

Date of Service (For NASD office use only)

ARBITRATION PANEL

Louis J. Weber, Jr., Esq. - Public Arbitrator, Presiding Chair
Edwin J. Tomko, Esq. - Public Arbitrator
Jack R. Settles - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Louis J. Weber, Jr., Esq.
Public Arbitrator, Presiding Chair



Edwin J. Tomko, Esq.
Public Arbitrator

Jack R. Settles
Non-Public Arbitrator



Date of Service (For NASD office use only)

Signature Date


11/17/06
Signature Date

Signature Date

ARBITRATION PANEL

Louis J. Weber, Jr., Esq. - Public Arbitrator, Presiding Chair
Edwin J. Tomko, Esq. - Public Arbitrator
Jack R. Settles - Non-Public Arbitrator

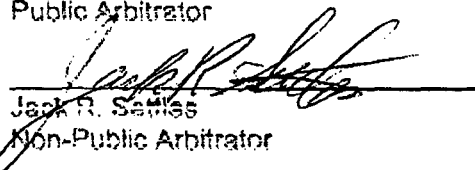
Concurring Arbitrators' Signatures:

Louis J. Weber, Jr., Esq.
Public Arbitrator, Presiding Chair

Signature Date

Edwin J. Tomko, Esq.
Public Arbitrator

Signature Date



Jack R. Settles
Non-Public Arbitrator

11/18/06

Signature Date

11/20/06 WJW

Date of Signing (For NASD office use only)