Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimants: Gordon Boone, Estate of Gloria Levin, Stanley Friedler, Gail Friedler, Richard Friedler, Philip Konits, Cindy Konits, Paul Levin, Michael Stern, Wendy Stern, Milan Wister, Amy Wister

Case Number: 17-03299

vs.

Respondents: Stifel, Nicolaus & Co., Inc., Kenneth David Blumberg, Coleman Joseph Devlin, Michael Francis Molloy, Stifel Financial Corp.

Hearing Site: Baltimore, Maryland

Nature of the Dispute: Customers vs. Member, Associated Persons, and Non-Member

This case was decided by an all public panel.

REPRESENTATION OF PARTIES


For Respondents Kenneth David Blumberg, Coleman Joseph Devlin, Michael Francis Molloy, and Stifel, Nicolaus & Co., Inc. ("The Stifel Respondents"): Edwin A. Zipf, Esq., Bressler, Amery & Ross, P.C., Florham Park, New Jersey.

Respondent Stifel Financial Corp. did not enter an appearance in this matter.
CASE INFORMATION

Statement of Claim filed on or about: December 8, 2017.
Amended Statement of Claim filed on or about: April 24, 2019.
Estate of Gloria Levin signed the Submission Agreement: November 8, 2017.
Stanley Friedler signed the Submission Agreement: November 16, 2017.
Gail Friedler signed the Submission Agreement: November 16, 2017.
Richard Friedler signed the Submission Agreement: November 16, 2017.
Philip Konits signed the Submission Agreement: November 9, 2017.
Cindy Konits signed the Submission Agreement: November 9, 2017.
Paul Levin signed the Submission Agreement: November 8, 2017.
Wendy Stern signed the Submission Agreement: November 8, 2017.
Milan Wister signed the Submission Agreement: November 7, 2017.
Amy Wister signed the Submission Agreement: November 7, 2017.

Joint Statement of Answer filed by The Stifel Respondents on or about: March 2, 2018
Kenneth David Blumberg signed the Submission Agreement: March 5, 2018.
Coleman Joseph Devlin signed the Submission Agreement: March 5, 2018.
Michael Francis Molloy signed the Submission Agreement: March 5, 2018.
Stifel, Nicolaus & Co., Inc. signed the Submission Agreement: March 2, 2018.

Respondent Stifel Financial Corp. did not file a Statement of Answer or sign the Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract, breach of duty, professional negligence, breach of fiduciary duty, violation of the Securities Exchange Act of 1934 and SEC Rule 10b-5, negligent supervision, misrepresentation and omission of facts, and fraud. The causes of action relate to various securities.


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

RELIEF REQUESTED

In the Statement of Claim, Claimants requested compensatory damages in the amount of $20,000,000.00, punitive damages in the amount of $30,000,000.00, costs, attorneys’ fees, interest and any and all other relief that the Panel deems just and appropriate.
Claimants also requested that upon conclusion of the hearing, the Panel issue an opinion providing the reasons for its award.
In the Amended Statement of Claim, Claimants Michael Stern, Wendy Stern, Paul Levin, and Estate of Gloria Levin requested consequential damages no less than $8,000,000.00, punitive damages in the amount of $30,000,000.00, damages set forth in §11-703(b) of the Corporations and Associations Article of Maryland Code to be proven at hearing, costs, attorneys’ fees and interest. Claimants also requested that upon conclusion of the hearing, the Panel issue an opinion providing the reasons for its award.

In the Statement of Answer, The Stifel Respondents requested that Claimants’ Statement of Claim be denied with prejudice and that the cost of the arbitration be assessed against Claimants. The Stifel Respondents objected to Claimants’ request for an explained decision.

At the close of the hearing, Claimant requested $1,524,176.00 in compensatory damages.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

Respondent Stifel Financial Corp. is not a member of FINRA and did not voluntarily submit to arbitration. Therefore, the Panel made no determination with respect to Claimants’ claims against Respondent Stifel Financial Corp.

On March 19, 2019, Claimants withdrew their claims against Respondent Michael Francis Malloy.

On March 19, 2019, Claimants filed a Motion to Sever the claims of Michael Stern, Wendy Stern, Paul Levin, and Estate of Gloria Levin from this arbitration. On March 29, 2019, Respondents Stifel Nicolaus & Co. Inc., Coleman Joseph Devlin and Kenneth David Blumberg opposed the motion. On April 2, 2019, Claimants filed a Reply in support their motion. By Order dated April 9, 2019, the Panel granted the motion and ordered Claimants to file an Amended Statement of Claim in this arbitration with Michael Stern, Wendy Stern, Paul Levin, and Estate of Gloria Levin as Claimants, and Stifel Nicolaus & Co. Inc., Stifel Financial Corp., and Kenneth David Blumberg as Respondents. All other Claimants were ordered to file their claim in a separate arbitration, including claims against Respondent Coleman Joseph Devlin.

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

1. Respondent Stifel Nicolaus & Co., Inc., is liable for and shall pay to Claimants Michael Stern, Wendy Stern, Paul Levin, and Estate of Gloria Levin, the sum of $1,524,176.00 in compensatory damages.

2. Claimants’ request for an explained decision is denied.

3. Respondent Kenneth David Blumberg's request for expungement of his CRD records is denied.

4. Any and all claims for relief not specifically addressed herein, including punitive damages, attorneys’ fees and costs, are denied.

FEES

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

Filing Fees
FINRA Office of Dispute Resolution assessed a filing fee* for each claim:

| Initial Claim Filing Fee | = $2,250.00 |

*The filing fee is made up of a non-refundable and a refundable portion.

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. Accordingly, Respondent Stifel, Nicolaus & Co., Inc. is assessed the following:

| Member Surcharge | = $4,025.00 |
| Member Process Fee | = $7,000.00 |

Postponement Fees
Postponements granted during these proceedings for which fees were assessed or waived:

February 4-8, 2019, postponement by Respondents. = $1,500.00

Total Postponement Fees = $1,500.00
The Panel has assessed $750.00 of the adjournment fees jointly and severally to Claimants.
The Panel has assessed $750.00 of the adjournment fees jointly and severally to Respondents.

**Discovery-Related Motion Fee**
Fees apply for each decision rendered on a discovery-related motion.

One (1) decision on a discovery-related motion on the papers with one (1) arbitrator @ $200.00/decision = $200.00

Respondents submitted one (1) discovery-related motion

Total Discovery-Related Motion Fees = $200.00

The Panel has assessed the $200.00 discovery-related motion fees jointly and severally to The Stifel Respondents.

**Hearing Session Fees and Assessments**
The Panel has assessed hearing session 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:

Three (3) pre-hearing sessions with the Panel @ $1,500.00/session = $4,500.00

Pre-hearing conferences:  
April 3, 2018 1 session  
January 16, 2019 1 session  
April 9, 2019 1 session

Nine (9) hearing sessions @ $1,500.00/session = $13,500.00

Hearing Dates:

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<td>August 6, 2019</td>
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Total Hearing Session Fees = $18,000.00

The Panel has assessed $9,000.00 of the hearing session fees jointly and severally to Claimants.
The Panel has assessed $9,000.00 of the hearing session fees jointly and severally to The Stifel Respondents.

All balances are payable to FINRA Office of Dispute Resolution and are due upon receipt.
ARBITRATION PANEL

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<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tr>
<td>Catherine Esther Bocskor</td>
<td>Public Arbitrator, Presiding Chairperson</td>
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<td>Edward J. Gutman</td>
<td>Public Arbitrator</td>
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<tr>
<td>John Leslie Coker</td>
<td>Public Arbitrator</td>
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I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

Concurring Arbitrators' Signatures

**Catherine Esther Bocskor**

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<td>Catherine Esther Bocskor</td>
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**John Leslie Coker**

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October 03, 2019

Date of Service (For FINRA Office of Dispute Resolution office use only)