

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Barry Coburn

Case No. 97-00100

Hearing Site: Nashville, Tennessee

Name of Respondents

Bear Stearns Securities Corp.;
Edwin L. Lawrence;
Stephen Vornea; and
Sal Tacher

REPRESENTATION OF PARTIES

Claimant Barry Coburn ("Coburn") was represented by Jay S. Bowen, Esq., of Bowen Riley Warnock & Jacobson, PLC, located in Nashville, Tennessee.

Respondent Bear Stearns Securities Corp. ("Bear Stearns") was represented by Ames Davis, Esq. of Waller Lansden, Dortch & Davis, located in Nashville, Tennessee.

Respondent/Cross-Respondent Edwin L. Lawrence ("Lawrence") did not file an answer, but represented himself at one telephonic pre-hearing. He did not appear at the hearing.

Respondent Cross-Claimant Stephen Vornea ("Vornea") was originally represented by the firm of Gusrae, Kaplan & Bruno, located in New York, New York. Counsel withdrew and Vornea appeared pro se thereafter. He did not appear at hearing.

Respondent Sal Tacher ("Tacher") was originally represented by Timothy P. Kebbe, Esq. of the firm of Lehman & Eilen, located in Uniondale, New York.. Counsel withdrew from representing Mr. Tacher and he appeared pro se thereafter. He did not appear at the hearing.

CASE INFORMATION

Statement of Claim filed on or about: January 8, 1997.
Claimant signed the Uniform Submission Agreement: December 16, 1996.
Amended Statement of Claim filed on or about: May 1, 1997.

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Statement of Answer filed by Respondent Bear Stearns on or about: April 3, 1997.
Respondent Bear Stearns signed the Uniform Submission Agreement: March 31, 1997.

Respondent/Cross-Respondent Lawrence did not file a Statement of Answer or a signed Uniform Submission Agreement.

Statement of Answer and Crossclaim against Edwin L. Lawrence filed by Respondent/Cross-Claimant Vornea on or about: May 21, 1997.
Respondent/Cross-Claimant Vornea signed the Uniform Submission Agreement: May 1, 1997.

Statement of Answer filed by Respondent Tacher on or about: May 21, 1997.
Respondent Tacher did not file a signed Uniform Submission Agreement.

Dillon & Co.'s Motion to Dismiss filed on or about: October 19, 1999.
Bear Stearns' Motion to Dismiss filed on or about: October 19, 1999.

Renewed Motion to Dismiss filed by Respondent Bear Stearns on or about: September 28, 2000.
Claimant's Response to the Renewed Motion to Dismiss filed on or about: October 26, 2000.
Bear Stearns' Reply Memorandum filed on or about: November 7, 2000.

Bear Stearns' Motion to Dismiss Claimant's State Securities Claims filed on or about: June 15, 2001.

CASE SUMMARY

Claimant asserted the following causes of action: common law fraud; misrepresentation; violation of §17(a) of the Securities Exchange Act of 1933 and §10(b) of the Securities Exchange Act of 1934 and the rules promulgated thereunder; breach of fiduciary duty; negligent misrepresentation; violation of the NASD Rules of Fair Practice; and violation of the Tennessee securities laws and the Tennessee Consumer Protection Act. These causes of action related to highly speculative transactions in initial public offerings and common stock.

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

Unless specifically admitted in its Answer, Respondent Vornea denied the allegations made in the Statement of Claim and asserted the following defenses:

1. At not time did Vornea participate in the management or direct supervision of the account;
2. Claimant has no basis under the laws of Tennessee because he signed an agreement that the laws of New York governs any dispute between the parties;
3. The claims for attorneys' fees may not be awarded in New York absent an

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- agreement permitting same; and
4. Claimant has no basis for the claim of punitive damages.

In addition, Vornea alleged that Lawrence handled Coburn's account and that if Vornea was found liable for any actions done by Lawrence, Lawrence would be required to indemnify him for all damages.

Unless specifically admitted in its Answer, Respondent S. Tacher denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Claimant assumed the risks incident to investing in securities and any losses sustained arose out of Claimant's assumption of the risk;
2. Claimant authorized and directed every transaction and is estopped from claiming any losses with respect to the transactions;
3. Any statements regarding the likely future performance of the securities purchased were statements of opinion as to future events which cannot form the basis of legal liability;
4. Claimant authorized and/or ratified the transactions in his account;
5. Tacher acted in good faith in discharging his duties and did not directly induce the acts, if any, that constituted violations of law;
6. The Claim must be denied due to Claimant's own culpable conduct and negligence;
7. The claim is barred, in whole or in part, by the applicable statute of limitations;
8. The claim must be denied due to the Claimant's failure to mitigate any alleged damages;
9. All claims for violating NASD rules should be dismissed because no private right of action exists under the NASD rules;
10. No private right of action exists for a violation of §17(a) of the Securities Exchange Act of 1933;
11. Claimant is barred from asserting any claim for improper conduct to the extent that written objection was not timely dispatched in accordance with the terms of the Customer Agreement;
12. Claimant did not allege, and could not prove, the requisites for a claim pursuant to §10(b) of the Securities Exchange Act of 1934 and the rules promulgated thereunder;
13. Claimant has not alleged and cannot prove the requisites of a claim under §12(2) of the Securities Act;
14. Respondent has a complete defense under §20(a) of the Exchange Act and §15 of the Securities Act because of the adequate and reasonable system of supervision and control over the respondents and their employees;
15. Claimants cannot recover for "lost profits";
16. There is no basis for awarding punitive damages or litigation expenses;
17. Claimant is ~~in pari delicto~~ and is estopped from claiming and losses or damages;
18. Claimant has not alleged, and cannot prove, the requisites of a claim for violation of the Tennessee securities laws or the Texas Consumer Protection Act; and

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19. Claimant lacks the requisite element of justifiable reliance essential to his claims and could not have relied on any oral representations made with regard to the transactions.

RELIEF REQUESTED

Claimant requested compensatory damages of approximately \$3,400,000.00; punitive damages of approximately \$3,500,000.00; interest; attorneys' fees; and other costs.

Respondent Bear Stearns requested that the claims be dismissed in its entirety.

Respondent/Cross-Claimant Vornea requested that the claim be dismissed as to him; that any sums he is found liable for be assessed against Edwin Lawrence pursuant to his crossclaim; and that the panel award him legal fees, interest and further relief as the panel deems appropriate.

Respondent Tacher requested that the claim be dismissed, as well as such further relief as the panel deemed appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Lawrence and Tacher did not file a properly executed submission to arbitration with NASD Dispute Resolution, Inc., but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators determined that Respondents Edwin L. Lawrence, Stephen Vornea and Sal Tacher were 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 present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Kensington Wells, Inc., Joseph Dillon & Company, Elias Tacher and Adam Levy were originally named as Respondents in this proceeding. Joseph Dillon & Company was dismissed from the proceeding prior to hearing, causing their Motion to Dismiss to be moot. The claims against Kensington Wells, Inc., Elias Tacher and Adam Levy were stayed by these Respondents' bankruptcy petitions.

On October 20, 1999, Bear Stearns' Motion to Dismiss was denied. On November 6, 2000, the panel determined that Bear Stearns' Renewed Motion to Dismiss would be heard on the first scheduled day of hearing. After hearing argument on April 17, 2001, the panel determined that the motion was denied.

Immediately prior to the resumption of the hearings on June 25, 2001, Respondent Bear Stearns settled with Claimant, rendering its Motion to Dismiss the State Securities Claims moot. The

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hearing dates of June 25, 26 and 28, 2001 were canceled and the hearing proceeded on the date of June 27, 2001 against the three remaining Respondents, Edwin L. Lawrence, Stephen Vornea and Sal Tacher.

After carefully considering the record, pleadings, evidence and argument of counsel, the panel determined that the offenses here were so egregious that the "actual and intentional fraud and market manipulation" perpetrated by Respondents Edwin L. Lawrence, Stephen Vornea and Sal Tacher justify an Award that will not be dischargeable in bankruptcy.

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. Respondents Edwin L. Lawrence, Stephen Vornea and Sal Tacher are jointly and severally liable for and shall pay to the Claimant, Barry Coburn, the sum of \$801,022.34 as compensatory damages, plus pre-judgment interest of \$574,935.00 accrued at a rate of 10% from December 1996 to April 2001, for total damages in this paragraph of \$1,375,957.34;
2. In addition, Respondents Edwin L. Lawrence, Stephen Vornea and Sal Tacher are jointly and severally liable for and shall pay to the Claimant, Barry Coburn, the sum of \$250,000.00 as attorneys' fees. In deciding to award attorneys' fees, the panel considered the arguments of counsel, the evidence presented, and the pleading filed and determined that authority existed for an award of attorneys' fees to the Claimant;
3. Furthermore, Respondents Edwin L. Lawrence, Stephen Vornea and Sal Tacher are jointly and severally liable for and shall pay to the Claimant, Barry Coburn, the sum of \$750,000.00 as punitive damages. In deciding to award punitive damages, the panel considered the arguments of counsel, the evidence presented, and the pleading filed and determined that authority existed for an award of punitive damages to the Claimant;
4. The crossclaim filed by Respondent/Cross-Claimant Stephen Vornea against Respondent Cross-Respondent Edwin L. Lawrence is dismissed and denied in its entirety;
5. The parties shall bear their own costs of arbitration, including attorneys' fees, except for those costs and fees expressly awarded;
6. Any and all relief not specifically addressed herein is denied.

FEES

Pursuant to the Code, the following fees are assessed:

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Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 300.00
Cross claim 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 person at the time of the events giving rise to the dispute. In this matter, the member firms are parties to this arbitration.

Member surcharge	= \$ 500.00
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Adjournment Fees

Adjournments requested during these proceedings:

February 2-10, 1998 adjournment by Barry Coburn	= \$1,500.00
July 13-17, 1998 adjournment by Barry Coburn	= \$1,000.00
May 25-27, 1999 adjournment by Barry Coburn	= \$1,000.00
November 1-3, 1999 adjournment by Bear Stearns	= \$1,500.00
December 18-20, 2000 adjournment by Bear Stearns	= \$1,000.00

Forum Fees and Assessments

The panel has the authority to assess forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator x \$300.00	= \$ 600.00
Pre-hearing conferences:	
August 3, 1998	1 session
August 29, 2000	1 session
Three (3) Pre-hearing sessions with Panel x \$1,500.00	= \$ 4,500.00
Pre-hearing conferences:	
October 20, 1999	1 session
May 23, 2000	1 session
August 29, 2000	1 session
Eight (8) Hearing sessions x \$1,500.00	= \$12,000.00
Hearing Dates:	
April 17, 2001	2 sessions
April 18, 2001	2 sessions
April 19, 2001	2 sessions
April 20, 2001	1 session
June 27, 2001	1 session
Total Forum Fees	= \$17,100.00

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The panel has assessed \$17,100.00 of the forum fees jointly and severally to Respondents Bear Stearns Securities Corp., Edwin L. Lawrence, Stephen Vornea and Sal Tacher.

EEE SUMMARY

Claimant Barry Coburn is solely liable for:

Initial Filing Fee	= \$ 300.00
Adjournment Fees	= \$ 3,500.00
Total Fees	= \$ 3,800.00
Less payments	= \$ 3,860.00
Balance Due from NASD Dispute Resolution, Inc.	= \$ 60.00

Respondent Bear Stearns is solely liable for:

Member Fees	= \$ 500.00
Adjournment Fee	= \$ 2,500.00
Total Fees	= \$ 3,000.00
Less payments	= \$ 2,000.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,000.00

Respondent Joseph Dillon & Co. is solely liable for:

Member Fees	= \$ 500.00
Less payments	= \$ 2,000.00
Balance Due from NASD Dispute Resolution, Inc.	= \$ 1,500.00

Respondent/Cross-Claimant Stephen Vornea is solely liable for:

Cross-Claim Filing Fee	= \$ 500.00
Less Payments	= \$ 0
Balance Due NASD Dispute Resolution, Inc.	= \$ 500.00

Respondents Bear Stearns Securities Corp., Edwin L. Lawrence, Stephen Vornea and Sal Tacher are jointly and severally liable for:

Forum Fees	= \$17,100.00
Less Payments	= \$ 0
Balance Due NASD Dispute Resolution, Inc.	= \$17,100.00

All balances are due to NASD Dispute Resolution, Inc.

NASD Dispute Resolution, Inc.

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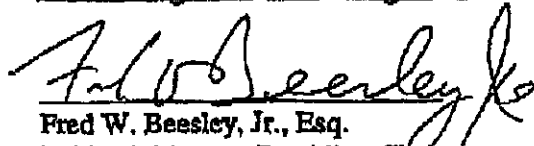
ARBITRATION PANEL

Fred W. Beesley, Jr., Esq. - Public Arbitrator, Presiding Chair

Joe P. Lane, Jr., Esq. - Public Arbitrator

Allen S. Bjork - Non-Public Arbitrator

Concurring Arbitrators' Signatures


Fred W. Beesley, Jr., Esq.
Public Arbitrator, Presiding Chair

20 Sept 2001
Signature Date

Joe P. Lane, Jr., Esq.
Public Arbitrator

Signature Date

Allen S. Bjork
Non-Public Arbitrator

Signature Date

October 1, 2001

Date of Service (For NASD-Dispute Resolution office use only)

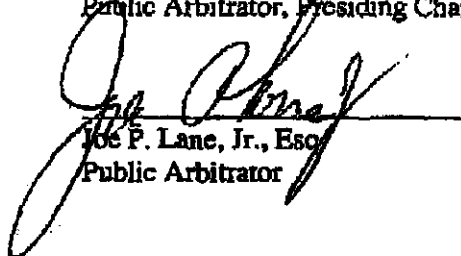
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Joe P. Lane, Jr., Esq. - Public Arbitrator
Allen S. Bjork - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Fred W. Beesley, Jr., Esq.
Public Arbitrator, Presiding Chair



Joe P. Lane, Jr., Esq.
Public Arbitrator

Signature Date

Sept 22, 2001
Signature Date

Allen S. Bjork
Non-Public Arbitrator

Signature Date

October 1, 2001

Date of Service (For NASD-Dispute Resolution office use only)

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Joe P. Lane, Jr., Esq. - Public Arbitrator
Allen S. Bjork - Non-Public Arbitrator


Concurring Arbitrators' Signatures

Fred W. Beesley, Jr., Esq.
Public Arbitrator, Presiding Chair

Signature Date

Joe P. Lane, Jr., Esq.
Public Arbitrator

Signature Date



Allen S. Bjork
Non-Public Arbitrator

9-29-01

Signature Date

October 1, 2001

Date of Service (For NASD-Dispute Resolution office use only)