

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Sturdivant & Co., Inc.

vs.

Case No. 98-00470

Name of Respondent & Counter/Third Party-Claimant

Bufus Outlaw, Jr.

vs.

Name of Third-Party Respondents

Albert A. Sturdivant
Harvey R. deKrafft

REPRESENTATION OF PARTIES

Claimant, Sturdivant & Co., Inc. ("Sturdivant & Co."), and Third-Party Respondents Albert A. Sturdivant ("Sturdivant") and Harvey R. deKrafft ("deKrafft"), hereinafter collectively referred to as "Sturdivant Claimants": John R. Holsinger, Esq. and Francis B. Sheehan, Esq., Beatie Padovano, LLC, Montvale, New Jersey and Alan Lieberman, Esq., Blank Rome Comisky & McCauley, LLP, Philadelphia, Pennsylvania

Respondent, Bufus Outlaw, Jr., hereinafter referred to as "Respondent": Richard A. Levan, Esq., Drinker Biddle & Reath, Philadelphia, Pennsylvania

CASE INFORMATION

Statement of Claim filed on or about: February 6, 1998

Claimant, Sturdivant & Co., signed the Uniform Submission Agreement: February 4, 1998

Statement of Answer to Counter-Claim and Third-Party Claim: November 10, 1998

Statement of Answer, Counter-Claim and Third-Party Claim filed by Respondent on or about: October 12, 1998

Respondent signed the Uniform Submission Agreement: September 28, 1998

CASE SUMMARY

Claimant Sturdivant & Co. is a small broker dealer with three shareholders. Claimant alleged there is a shareholders' agreement which defines how much the shareholders are paid for the shares upon leaving the company. Respondent left the company in August 1997 but

asserted that he is the only shareholder not bound by the shareholders' agreement. Claimant asserted a claim for enforcement of the shareholders' agreement for relinquishment of Respondent's shares upon payment of the book value of the stock. In addition, Claimant alleged that Respondent left the Sturdivant and Co. without informing Claimant of his plans and converted and misused Sturdivant & Co.'s confidential information.

In Response to the Counter-Claim and Third-Party Claim, Sturdivant Claimants maintained that in defense of Respondent's claim that he is an oppressed minority shareholder includes that he is not a shareholder unless he agreed to be bound by the terms of the shareholders' agreement, that he is not oppressed and that the amount he claims as the value of his interest in Sturdivant & Co. is grossly unreasonable. Sturdivant Claimants denied any conversion or misappropriation of Respondent's assets, and there was no defamation of Respondent as all statements were true, and thus not defamatory, or were privileged and that Respondent was not injured.

Respondent seeks the fair value of his shares in Sturdivant & Co. pursuant to New Jersey's Oppressed Minority Shareholder Statute, N.J.S.A. 14:A 12-7. Respondent alleged that he was oppressed and treated unfairly by Sturdivant Claimants in that they failed to inform him of the existence of a shareholder agreement drafted just prior to his becoming a shareholder, took hundreds of thousands of dollars from the firm without his knowledge or consent, ignored the board approved Compensation Plan by taking excessive compensation, engaged in practices potentially violative of industry rules over Respondent's objection, and attempted to force Respondent to purchase Ralph Sturdivant's shares with his own personal funds and guarantee, and without any protection from termination by Sturdivant, the majority shareholder.

Respondent asserted that he was a 16.67% shareholder of Sturdivant & Co. on August 22, 1997, the date of his departure from Sturdivant & Co., and that he is entitled to the fair value of his shares as of that date. Respondent also alleged that on or about December 31, 1995, without his knowledge or consent, Sturdivant Claimants transferred Respondent's \$120,389 year-end distribution into, and simultaneously out of, his personal brokerage account, and that they failed to date to return those misappropriated funds. Respondent further asserted that on August 22, 1997, the date of his departure, he met with Sturdivant who agreed to announce to Sturdivant & Co. employees that Respondent resigned to pursue other business opportunities. Respondent alleged that immediately thereafter, Sturdivant advised Sturdivant & Co. employees that Respondent had been forced to resign because he violated certain SEC regulations and engaged in unethical conduct. Respondent maintained that the statements were false and defamatory, and were repeated to various employees on different occasions.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$928,000
Punitive Damages (amended)	\$100,000
Interest	Amount Not Specified
Attorneys' Fees	Amount Not Specified
Other Costs	Amount Not Specified
Specific Performance	

Sturdivant Claimants requested that the Counter-Claim and Third Party Claim be denied.

Respondent requested:

Compensatory Damages	\$7,000,000
Compensatory Damages	\$120,389
Punitive Damages	Amount Not Specified
Interest	Amount Not Specified
Attorneys' Fees	Amount Not Specified
Other Costs	Amount Not Specified

Respondent requested that Claimant's claims be denied.

OTHER ISSUES CONSIDERED AND DECIDED

Third-Party Respondents Sturdivant and deKrafft did not file with the NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to the Code and, having answered the Third-Party Claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

The Panel considered various procedural and discovery motions and all responses thereto, and ruled on each motion as raised.

The parties each raised a Motion for Directed Verdict, which the Panel denied.

The Panel considered Respondent's Motion for Sanctions for Claimant's failure to produce documents as ordered, and Claimant's Response thereto. The Panel granted Respondent's Motion by assessing forum fees against Claimant as the sanction.

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

1. That Claimant's Request for Specific Performance is granted, and Respondent is ordered to surrender and/or renounce any and all ownership interest and interest as an employee, officer upon payment of \$1,650,000; and
2. That each party shall bear their own costs and expenses, including attorneys' fees, with the exception of forum fees as specified below; and
3. That 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, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$500
Counter claim/Third Party Claim filing fee	= \$500

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$2,500
Pre-hearing process fee	= \$600
Hearing process fee	= \$3,500

Adjournment Fees

Adjournment during these proceedings:

April 2000 hearing dates adjourned, one-half of fee assessed to Claimant	= \$500
April 2000 hearing dates adjourned, one-half of fee assessed to Respondent	= \$500

Forum Fees and Assessments

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

1 Pre-hearing sessions with a single arbitrator x \$300		= \$300
Pre-hearing conferences:	June 23, 1999	1 session

3 Pre-hearing sessions with Panel x \$1,000		= \$3,000
Pre-hearing conferences:	May 5, 1999	1 session
	July 13, 1999	1 session
	November 17, 1999	1 session

31 Hearing sessions x \$1,500		= <u>\$46,500</u>
Hearing Dates:	September 8, 1999	1 session
	September 15, 1999	2 sessions
	September 16, 1999	2 sessions
	September 17, 1999	1 session
	January 10, 2000	2 sessions
	January 28, 2000	2 sessions
	January 31, 2000	1 session
	February 14, 2000	2 sessions
	February 15, 2000	2 sessions
	June 27, 2000	2 sessions
	June 28, 2000	2 sessions
	July 12, 2000	2 sessions
	July 13, 2000	2 sessions
	August 7, 2000	2 sessions
	August 8, 2000	2 sessions
	August 9, 2000	2 sessions
	August 29, 2000	2 sessions

Total Forum Fees		= \$49,800
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The Panel assessed the forum fees of \$49,800 to Sturdivant & Co.

Fee Summary

Claimant, Sturdivant & Co, is solely liable for:

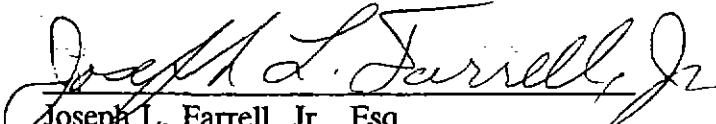
Initial Filing Fee	= \$500
Member Fees	= \$6,600
Adjournment Fee	= \$500
Forum Fees	= <u>\$49,800</u>
Total Fees	= \$57,400
Less payments	= <u>\$9,600</u>
Balance Due NASD Dispute Resolution, Inc.	= \$47,800

Respondent is solely liable for:

Counter/Third-Party Filing Fee	= \$500
Adjournment Fee	= <u>\$500</u>
Total Fees	= \$1,000
Less payments	= <u>\$2,100</u>
Refund Due to Respondent	= \$1,000

All balances are due and payable to NASD Dispute Resolution, Inc.

CONCURRING ARBITRATORS' SIGNATURES



Joseph L. Farrell, Jr., Esq.
Public Arbitrator, Presiding Chairman

11-6-00

Date Signed

Albert Mancini, Jr.
Public Arbitrator

Date Signed

Michael Quarto
Industry Arbitrator

Date Signed


November 7, 2000

Date of Service (For NASD-DR office use only)

CONCURRING ARBITRATORS' SIGNATURES

Joseph L. Farrell, Jr., Esq.
Public Arbitrator, Presiding Chairman

Date Signed


Albert Mancini, Jr.
Public Arbitrator

November 3, 2000
Date Signed

Michael Quarto
Industry Arbitrator

Date Signed

November 7, 2000
Date of Service (For NASD-DR office use only)

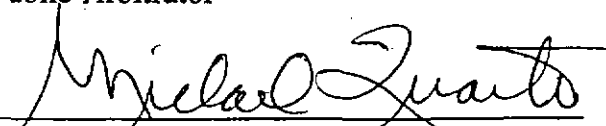
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Public Arbitrator

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Michael Quarto
Industry Arbitrator

11/3/00
Date Signed

November 7, 2000
Date of Service (For NASD-DR office use only)