

**Stipulated Award
NASD Dispute Resolution, Inc.**

In the Matter of the Arbitration Between:

Kenneth J. Hearron and Stephanie Hearron, Claimants vs. The Boston Group, L.P. and Vernon Brown, Respondents.

Case Number: 99-01272

Hearing Site: Seattle, Washington

REPRESENTATION OF PARTIES

Claimants, Kenneth J. Hearron and Stephanie Hearron, hereinafter referred to as "Claimants":
Laurel H. Siddoway, Esq., Randall & Danskin, P.S., Spokane, Washington

Respondent, The Boston Group, L.P. ("Boston Group"): Eric S. Hutner, Esq., New York, New York

Respondent, Vernon Brown: Vernon Brown, Los Angeles, California

Respondent, Vernon Brown

CASE INFORMATION

Statement of Claim filed on or about: March 10, 1999

Statement of Claim filed

Claimants' Response to Motion for More Definite Statement filed on or about: August 6, 1999

Claimants' Response to Motion

Claimants' Arbitration Brief filed on or about: August 16, 2000

Claimants' Arbitration Brief

Claimants, Kenneth J. Hearron and Stephanie Hearron, signed the Uniform Submission Agreement: July 31, 1998

Motion for More Definite Statement and Answer to Statement of Claim filed by Respondent, Boston Group, on or about: July 6, 1999

Respondent, Boston Group, signed the Uniform Submission Agreement: June 16, 1999

Respondent Vernon Brown's signed Uniform Submission Agreement was filed on or about: June 11, 1999

CASE SUMMARY

Claimants alleged the following claims with respect to investments in various securities: 1) The Respondents lacked an adequate basis for recommending the securities purchased in the Hearron account; 2) The investment recommendations made to Ken Hearron by the Respondents were unsuitable, given his investment objectives and the role that the investment funds at issue played in his personal and business financial planning; 3) The Respondents breached their duties owed to the Hearrons in recommending their purchase of such concentrated positions; 4) The Respondents misled Ken Hearron, through affirmative statements and through omissions, about the investment risks and rewards associated with their recommendations; 5) The level of trading activity in the account, which was effectively controlled by Brown in view of Hearron's total

reliance on his investment recommendations, amounted to fraudulent churning, with Respondents elevating their own interest in generating commission income over the investment interests of the Hearrons; 6) The Respondents failed to fulfill their fiduciary duties in their dealings with the Hearrons; 7) All of Brown's actions and omissions in breach of his and The Boston Group's duties, including fiduciary duties, were undertaken as the authorized agent of The Boston Group, and pursuant to its encouragement or direction; and 8) The Boston Group failed to supervise Vernon Brown's handling of the Hearron account.

Respondent Boston Group denied all allegations of wrongdoing and asserted that all claims should be dismissed in their entirety. Boston Group further denied each and every allegation that Mr. Brown or any other Boston Group employee breached any duty owed to Claimants or engaged in any wrongful conduct. Boston Group alleged that at all times Respondents met and exceeded all duties owed to Claimants and that they are in no way liable for any loss Claimants may have incurred. Boston Group also asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested damages in excess of \$550,000.00, and also requested reasonable attorneys' fees and costs.

Boston Group requested that:

1. The Statement of Claim should be dismissed in its entirety;
2. That Boston Group should be awarded the costs and disbursements of this action, including attorneys' fees; and
3. The Arbitration Panel should award such other relief as it deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

The Panel determined that Claimants and Respondent, Boston Group shall split the \$1,000.00 postponement fee assessed in connection with the Boston Group's request to postpone the hearing sessions scheduled on May 9-11, 2000.

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 undersigned Arbitrators, having considered the pleadings, have been advised that the Claimants and Respondent Boston Group have agreed to the entry of an award, the terms of which are hereby incorporated into this Stipulated Award. Accordingly, the undersigned Arbitrators, in full and final resolution of the issues submitted for determination, without making any findings of fact or conclusions of law, hereby enter the following stipulated award:

- a. Claimant and Boston Group have entered into a confidential settlement and have agreed to enter into a Stipulated Judgment, which provides in part for the termination and resolution of this arbitration in its entirety;
- b. All claims against Vernon Brown are hereby dismissed with prejudice;
- c. Boston Group shall be responsible for all hearing fees to be assessed in this matter; and
- d. All other relief not granted herein is expressly denied, and in all other respects this matter is hereby dismissed with prejudice.

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 = \$250.00

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:

Four (4) Pre-hearing sessions with Panel x \$1,000.00 = \$4,000.00

Pre-hearing conferences:

October 22, 1999	1 session
April 12, 2000	1 session
July 18, 2000	1 session
August 14, 2000	1 session

Three (3) Hearing sessions x \$1,000.00 = \$3,000.00

Hearing Dates:

August 22, 2000	2 sessions
August 23, 2000	1 session

Total Forum Fees = \$7,000.00

1. The Panel has assessed the \$7,000.00 in forum fees to Respondent, Boston Group, pursuant to the parties' agreement.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

The parties did not incur administrative costs.

Fee Summary

1. Claimants, be and hereby are liable for:

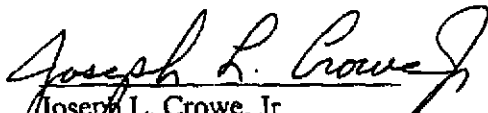
Initial Filing Fee	= \$ 250.00
Adjournment Fee	= \$ 500.00
Forum Fees	= \$ 0.00
<u>Administrative Costs</u>	= \$ 0.00
Total Fees	= \$ 750.00
<u>Less payments</u>	= \$ 1,750.00
Balance (Refund)	= \$ 1,000.00

2. Respondent, Boston Group, be and hereby is solely liable for:

Adjournment Fee	= \$ 500.00
Forum Fees	= \$ 7,000.00
<u>Administrative Costs</u>	= \$ 0.00
Total Fees	= \$ 7,500.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Regulation, Inc.	= \$ 7,500.00

All balances are due to NASD Dispute Resolution, Inc. and are payable within 30 days of the service date of this Award.

Concurring Arbitrators' Signatures


Joseph L. Crowe, Jr.
Public Arbitrator, Presiding Chair

9-7-2000
Signature Date

Carl A. Jonson, Esq.
Public Arbitrator

Date Served:
SEP 14 2000

Signature Date

Administrative Costs

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The parties did not incur administrative costs.

Fee Summary

1. Claimants, be and hereby are liable for:

Initial Filing Fee	= \$ 250.00
Adjournment Fee	= \$ 500.00
Forum Fees	= \$ 0.00
<u>Administrative Costs</u>	<u>= \$ 0.00</u>
Total Fees	= \$ 750.00
<u>Less payments</u>	<u>= \$1,750.00</u>
Balance (Refund)	= \$1,000.00

2. Respondent, Boston Group, be and hereby is solely liable for:


Adjournment Fee	= \$ 500.00
Forum Fees	= \$7,000.00
<u>Administrative Costs</u>	<u>= \$ 0.00</u>
Total Fees	= \$7,500.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Regulation, Inc.	= \$7,500.00

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Joseph L. Crowe, Jr.
Public Arbitrator, Presiding Chair

Signature Date



Carl A. Jonson, Esq.
Public Arbitrator

Date Served:

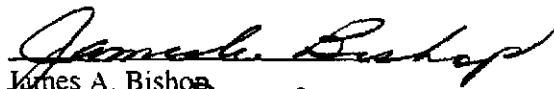
Signature Date

SEP 14 2000

NASD Dispute Resolution, Inc.

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James A. Bishop
Industry Arbitrator

Date Served:

SEP 14 2000

9/8/00

Signature Date

Date of Service (For NASD office use only)