

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Stephen D. Rosenbaum

Case No. 99-01832

Name of Respondents

Imperial Capital, LLC
Eloise J. Rich

Hearing Location: Baltimore, MD

REPRESENTATION OF PARTIES

At the hearing Claimant Stephen D. Rosenbaum ("Claimant") represented himself and was also represented by Mr. Howard Cardin, Esq., Baltimore, MD.

Respondents Imperial Capital, LLC ("Imperial") and Eloise J. Rich ("Rich") hereinafter collectively referred to as "Respondents" were represented by Robert H. Logan, Esq., of the Law Firm of Keesal, Young & Logan, Long Beach, CA.

CASE INFORMATION

Statement of Claim filed on or about: April 14, 1999.

Claimant signed his Uniform Submission Agreement: April 13, 1999

Statement of Answer filed by Respondents on or about: August 31, 1999

Imperial's Uniform Submission Agreement was executed by Arthur E. Raitano, Corporate representative on: November 24, 1999

Rich's Uniform Submission Agreement was executed on: December 9, 1999.

CASE SUMMARY

Claimant asserted, among other things, the following causes of action: violation of the Maryland Blue Sky Laws; fraud, breach of fiduciary duty; breach of good faith and fair dealing; unauthorized trading and negligence. The causes of action relate to a claim for losses on Claimant's purchase of Grupo Mexicano de Desarrollo ("GMD") bonds and a claim for damages on the sale of Bank of New England ("BONE") bonds.

Respondents denied all allegations of wrongdoing asserted by Claimant. Respondents further asserted, among others things, the following defenses: Imperial is not a proper respondent in this arbitration as all transactions at issue occurred while Claimant maintained his account at Dabney/Resnick/Imperial, L.L.C. not the predecessor Imperial; Claimant has failed to state a claim upon which relief may be granted; Claimant approved and ratified all the acts and transactions complained of; Claimant's alleged losses were proximately caused by his own conduct and negligence; Imperial made a good-faith effort, as a controlling entity, to prevent any alleged fraudulent act on the part of any employee; all risks were fully explained to Claimant and he knowingly, willfully and voluntarily assumed the risks; Claimant's claims are barred by all applicable statutes of limitations; any losses incurred by Claimant were the result of market fluctuations beyond the control and responsibility of Respondents and that Claimant failed to use the requisite due diligence in monitoring and managing and handling his investments.

RELIEF REQUESTED

Claimant, in his pleadings, requested:

Compensatory Damages	\$ 95,002.50
Treble Damages	\$9,000,000.00

Other Monetary/Non-Monetary Relief if any: Claimant sought other relief request, among other things, that the transactions be revoked or that the transactions be rescinded.

Respondents requested that Claimant's claims be dismissed and that the claims should be ordered expunged from Rich's record.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents made a Motion to Dismiss Claimant's claim and maintained that Claimant failed to file his claim in a timely fashion and that Claimant's claim is barred by the applicable "blue sky" law. Respondents motion was denied and the panel decided Claimant's claim on the merits.

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 has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant has the option to transfer his complete interest in the 144 GMD Bondholder Trust to Respondent Imperial Capital, LCC and in return Imperial Capital will pay to

Claimant the sum of \$27,000; no prejudgment interest is awarded on this amount. If Claimant chooses to retain his interest in the trust, then no monetary award is granted. Claimant has 30 days from the date of this Award to advise Respondent Imperial Capital of his election.

2. Claimant's claim for treble damages is denied in its entirety.
3. The panel recommends the expungement of all references to the above captioned arbitration from Respondent Eliese Rich's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Rich must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. That the parties shall bear their respective costs and expenses, including attorneys' fees, except as Fees are specifically addressed below.
5. Any and all other requests for relief not specifically addressed herein are denied in their entirety.

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	= \$ 600
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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	= \$3,000
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$5,000

Adjournment Fees

Adjournments requested during these proceedings:

July 19 and 20, 2000, adjournment by Claimant - the postponement fee of \$1,200 was waived by the panel.

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:

One (1) Pre-hearing session with Panel x \$1,200	= \$1,200
Pre-hearing conference: April 26, 2000	1 session
Two (2) Hearing sessions x \$1,200	= <u>\$2,400</u>
Hearing Date: May 4, 2001	2 sessions
Total Forum Fees	= \$3,600

The Panel has assessed the forum fees as follows:

1. Claimant is assessed forum fees in the amount of \$1,800.
2. Respondent is assessed forum fees in the amount of \$1,800.

Fee Summary

Claimant is assessed the following fees:

Initial Filing Fee	= \$ 600
Adjournment Fee	= waived
Forum Fees	= \$1,800
Total Fees	= \$2,400
<u>Less payments</u>	<u>= \$1,800</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 600

Respondent Imperial Capital is assessed the following fees:

Member Fees	= \$ 8,600
<u>Forum Fees</u>	<u>= \$ 1,800</u>
Total Fees	= \$10,400
<u>Less payments</u>	<u>= \$ 8,600</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,800

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

ARBITRATION PANEL

<i>Richard E. Lauziere</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Sandra Leë Dolan</i>	-	<i>Public Arbitrator, Panelist</i>
<i>Charles L. Marinaccio</i>	-	<i>Non-Public Arbitrator, Panelist</i>

Concurring Arbitrators' Signatures

Richard E. Lauziere
Richard E. Lauziere
Public Arbitrator, Presiding Chairperson

5 - 30 - 01
Signature Date

Sandra Lee Dolan
Public Arbitrator, Panelist

Signature Date

Charles L. Marinaccio
Non Public Arbitrator, Panelist

Signature Date

June 5, 2001
Date Award served by NASD Dispute Resolution, Inc.

ARBITRATION PANEL

<i>Richard E. Lauziere</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Sandra Lee Dolan</i>	-	<i>Public Arbitrator, Panelist</i>
<i>Charles L. Marinaccio</i>	-	<i>Non-Public Arbitrator, Panelist</i>

Concurring Arbitrators' Signatures

Richard E. Lauziere
Public Arbitrator, Presiding Chairperson

Signature Date

Sandra Lee Dolan
Sandra Lee Dolan
Public Arbitrator, Panelist

May 31, 2001
Signature Date

Charles L. Marinaccio
Non Public Arbitrator, Panelist

Signature Date

June 5, 2001
Date Award served by NASD Dispute Resolution, Inc.

ARBITRATION PANEL

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Richard E. Lauziere
Public Arbitrator, Presiding Chairperson

Signature Date

Sandra Lee Dolan
Public Arbitrator, Panelist

Signature Date

Charles L. Marinaccio
Charles L. Marinaccio
Non Public Arbitrator, Panelist

May 29, 2001
Signature Date

June 5, 2001
Date Award served by NASD Dispute Resolution, Inc.