

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Tharamel Alexander and Mariamma Alexander, (Claimants) vs. First Security Investments, Inc., Federated Securities, Inc., Bear Stearns Securities Corp., and Rauscher, Pierce & Refsnes, Inc. a/k/a R.P.R. Correspondence Clearing, a division of Dain Rauscher, Inc., (Respondents)

Case Number: 99-02561

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants, Tharamel Alexander and Mariamma Alexander, hereinafter collectively referred to as "Claimants": Erwin Cohn, Esq., Cohn & Cohn, Chicago, IL.

Respondent, First Security Investments, Inc. ("First"): Richard E. Miller, Esq., Braverman, Kaskey & Caprara, Philadelphia, PA. Previously represented by: Margaret Charles Slusser, Chief Compliance Officer, First Security Investments, Inc., Kingston, PA.

Respondent, Federated Securities, Inc. ("Federated"): Carl Lanzisera, President, Federated Securities, Inc., Huntington Station, NY.

Respondent, Bear Stearns Securities Corp. ("Bear"): Richard E. Miller, Esq., Braverman, Kaskey & Caprara, Philadelphia, PA. Previously represented by: Steven A. Horowitz, Esq., Vice President, Bear Stearns & Co., Inc., New York, NY.

Respondent, Rauscher, Pierce & Refsnes, Inc. a/k/a R.P.R. Correspondence Clearing, a division of Dain Rauscher, Inc. ("Rauscher"): Rori-Elizabeth Sinks, Esq., Dorsey & Whitney LLP, New York, NY. Previously represented by: David M. Fogel, Esq., Associate General Counsel, Dain Rauscher Incorporated, Minneapolis, MN.

CASE INFORMATION

Statement of Claim filed on or about: May 26, 1999.

Reply to Counterclaim of First and Bear filed by Claimants on or about: November 1, 2000.

Claimants signed the Uniform Submission Agreement: July 2, 1999.

Statement of Answer filed by First on or about: September 7, 1999.

Counterclaim filed by First and Bear on or about: October 6, 2000.

First signed the Uniform Submission Agreement: September 7, 1999.

Statement of Answer filed by Federated on or about: August 18, 1999.
Federated signed the Uniform Submission Agreement: August 12, 1999.

Statement of Answer filed by Bear on or about: September 17, 1999.
Counterclaim filed by First and Bear on or about: October 6, 2000.
Bear signed the Uniform Submission Agreement: September 21, 1999.

Statement of Answer filed by Rauscher on or about: September 7, 1999.
Rauscher signed the Uniform Submission Agreement: July 30, 1999.

CASE SUMMARY

Claimants asserted the following causes of action: unauthorized transfer of account; negligence; failure to execute a sell order of J.B. Oxford stock; breach of express and implied contract; and conversion.

Unless specifically admitted in its Answer, First denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants were notified in writing that their account would be transferred in a mass transfer if they did not object by a certain date; First was in no position to effect any transaction on behalf of Claimants at the time in question; Claimants were assisted, informed, and directed by First properly and efficiently; and First and its staff acted appropriately and within regulations in transferring Claimant's account and servicing Claimant after the transfer took place.

Unless specifically admitted in its Answer, Federated denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants were sent written notice that their account was to be transferred and failed to object to same and there is absolutely no reason that Federated would fail to sell the J.B. Oxford stock in question had it been given a sell order by Claimants.

Unless specifically admitted in its Answer, Bear denied the allegations made in the Statement of Claim and asserted the following defenses: Bear is not liable to Claimants under any theory of liability; the role of Bear with respect to Claimants' account was to act merely as clearance agent for First; Claimants executed a customer agreement by which they acknowledged that Bear was not responsible for the acts or omissions of First; and applicable case law compels the conclusion that Bear cannot be liable for the alleged wrongdoing set out in Claimants' Statement of Claim.

Unless specifically admitted in its Answer, Rauscher denied the allegations made in the Statement of Claim.

In their Counterclaim, First and Bear asserted the following cause of action: Claimants' refusal to dismiss First and Bear from this matter is frivolous, in bad faith, and obdurate.

Unless specifically admitted in their Reply, Claimants denied the allegations made in the Counterclaim and asserted the following defenses: the documents furnished to Claimant have been insufficient to establish the facts necessary for the dismissal of First and Bear from this matter and if Claimants have wrongfully refused to dismiss First and Bear it is only because of the inability or refusal of First and Bear to furnish the necessary documentation.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$112,000.00, punitive damages in the amount of \$224,000.00, pre-judgement interest, attorneys' fees, and costs.

First requested that Claimants' claims be dismissed.

Federated requested an Award dismissing the Statement of Claim with prejudice, and awarding Federated its costs, fees, disbursements, and such other relief as the Panel may deem just and proper.

Bear requested that the Statement of Claim be dismissed and that the costs of this arbitration be assessed against Claimants.

Rauscher requested:

1. That Claimants' Statement of Claim be dismissed with prejudice;
2. That the panel award Rauscher its costs, disbursements, and attorneys' fees incurred in defending and responding to this matter; and
3. That Rauscher receive such other and further relief as the Panel may deem just and equitable.

In their Counterclaim, First and Bear requested an Award against Claimants in the amount equal to the costs and fees incurred in defending this matter.

In their Reply, Claimants requested that First and Bear's Counterclaim be held for naught.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearings in this matter, First and Bear made a motion to dismiss. After due consideration, the Panel granted said motion.

At the conclusion of Claimants' case, Rauscher made a motion to dismiss which was denied by the Panel.

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. Claimants' claims are hereby dismissed in their entirety.
2. First and Bear's Counterclaim is hereby dismissed in its entirety.
3. Each party shall bear its own attorneys' fees and costs.
4. All other requests for relief are hereby 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	= \$ 300.00
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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 firms that employed the associated person at the time of the events giving rise to the dispute. In this matter, First Security Investments, Inc., Federated Securities, Inc., Bear Stearns Securities Corp., and Rauscher, Pierce & Refsnes, Inc. are parties.

First Security Investments, Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Federated Securities, Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Bear Stearns Securities Corp.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Rauscher, Pierce & Refsnes, Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Seven (7) Pre-hearing sessions with a single arbitrator x \$450.00	= \$3,150.00
Pre-hearing conferences:	
July 21, 2000	1 session
July 27, 2000	1 session
August 10, 2000	1 session
August 14, 2000	1 session
August 25, 2000	1 session
September 21, 2000	1 session
October 5, 2000	1 session

Two (2) Pre-hearing sessions with Panel x \$1,125.00	= \$2,250.00
Pre-hearing conferences: June 26, 2000	1 session
November 16, 2000	1 session
Four (4) Hearing sessions x \$1,125.00	= \$4,500.00
Hearing Dates: June 5, 2001	2 sessions
June 6, 2001	2 sessions
Total Forum Fees	= \$9,900.00

1. The Panel has assessed \$4,950.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$1,237.50 of the forum fees against First.
3. The Panel has assessed \$1,237.50 of the forum fees against Federated.
4. The Panel has assessed \$1,237.50 of the forum fees against Bear.
5. The Panel has assessed \$1,237.50 of the forum fees against Rauscher.

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.

1. Federated, requested tapes, \$105.00.

Fee Summary

1. Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$4,950.00
Total Fees	= \$5,250.00
<u>Less payments</u>	= <u>\$1,425.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$3,825.00

2. First be and hereby is solely liable for:

Member Fees	= \$4,600.00
Forum Fees	= \$1,237.50
Total Fees	= \$5,837.50
<u>Less payments</u>	= <u>\$2,100.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$3,737.50

3. Federated be and hereby is solely liable for:

Member Fees	= \$4,600.00
Forum Fees	= \$1,237.50
<u>Administrative Costs</u>	= \$ 105.00
Total Fees	= \$5,942.50
<u>Less payments</u>	= \$1,500.00
Balance Due NASD Dispute Resolution, Inc.	= \$4,442.50

4. Bear be and hereby is solely liable for:

Member Fees	= \$4,600.00
<u>Forum Fees</u>	= \$1,237.50
Total Fees	= \$5,837.50
<u>Less payments</u>	= \$4,600.00
Balance Due NASD Dispute Resolution, Inc.	= \$1,237.50

5. Rauscher be and hereby is solely liable for:

Member Fees	= \$4,600.00
<u>Forum Fees</u>	= \$1,237.50
Total Fees	= \$5,837.50
<u>Less payments</u>	= \$4,600.00
Balance Due NASD Dispute Resolution, Inc.	= \$1,237.50


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

ARBITRATION PANEL

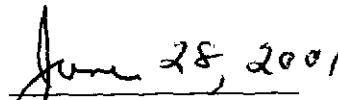
William J. Greene, III, Esq.	-	Public Arbitrator, Presiding Chair
Jacob Aschkenasy, Esq.	-	Public Arbitrator
Robert Bennett	-	Industry Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



William J. Greene, III, Esq.
Public Arbitrator, Presiding Chair



Signature Date

Jacob Aschkenasy, Esq.
Public Arbitrator

Signature Date

Robert Bennett
Industry Arbitrator

Signature Date

July 3, 2001 -
Date of Service (For NASD office use only)

ARBITRATION PANEL

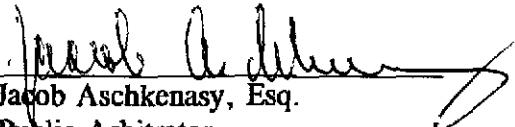
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Jacob Aschkenasy, Esq.	-	Public Arbitrator
Robert Bennett	-	Industry Arbitrator

Concurring Arbitrators' Signatures

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William J. Greene, III, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Jacob Aschkenasy, Esq.
Public Arbitrator

June 25, 2001

Signature Date

Robert Bennett
Industry Arbitrator

Signature Date

July 3, 2001

Date of Service (For NASD office use only)

ARBITRATION PANEL

William J. Greene, III, Esq.	-	Public Arbitrator, Presiding Chair
Jacob Aschkenasy, Esq.	-	Public Arbitrator
Robert Bennett	-	Industry Arbitrator

Concurring Arbitrators' Signatures


I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

William J. Greene, III, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Jacob Aschkenasy, Esq.
Public Arbitrator

Signature Date


Robert Bennett
Industry Arbitrator

6/25/01
Signature Date

July 3, 2001
Date of Service (For NASD office use only)