

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Mary G. Johnson,
Claimant

vs.

Case No. 99-02947

Ryan, Lee & Co., Inc.
Preston Mulford
Wayne M. Lee
Patrick C. Ryan,
Respondents

Hearing Location: Washington, D.C.

REPRESENTATION OF PARTIES

Claimant Mary G. Johnson ("Claimant") was represented by Mark J. Krudys, Esq., Mark J. Krudys, PLC, Richmond, Virginia.

Respondents Ryan, Lee & Co., Inc. ("Ryan, Lee"), Wayne M. Lee ("Mr. Lee") and Patrick C. Ryan ("Mr. Ryan") were represented by Pamela A. Bresnahan, Esq. and Steven R. Becker, Esq., Vorys Sater Seymour & Pease LLP, Washington, D.C.
Respondent Preston Mulford ("Mr. Mulford") was represented by Jan Stuurmans, Esq., Law Offices of Jan Stuurmans, P.A., Minneapolis, Minnesota.

CASE INFORMATION

Statement of Claim filed on June 25, 1999.
Amended Statement of Claim filed on October 4, 1999.
Claimant signed the Uniform Submission Agreement on June 24, 1999.
Claimant signed a second Uniform Submission Agreement which was filed on or about October 5, 1999.

Statement of Answer filed by Ryan, Lee, Mr. Ryan, Mr. Lee and Mr. Mulford (collectively referred to as "Respondents") on September 17, 1999.
Motion to Dismiss and Response to Amended Statement of Claim filed by Respondent on November 19, 1999.

Respondents did not file a Uniform Submission Agreement.

CASE SUMMARY

Claimant alleged, among other things, the following causes of action: fraud, breach of fiduciary duty, negligence, violation of NASD Rule IM-2310-2 and mismanagement. Claimant alleged that Respondents engaged in actions to further their own self interests, resulting in an economic loss to Claimant of over \$1.7 million. Claimant alleged that Respondents made misrepresentations to conceal the risks of their allegedly wrongful conduct, failed to disclose material information that should have been communicated to her and violation of Section 10(b) and Rule 10b-5.

Unless specifically admitted in its Answer, Respondents denied the allegations made in the Statement of Claim and Amended Statement of Claim and asserted the following defenses: Claimant's Statement of Claim fails to state a claim upon which relief may be granted against Respondents; the claims set forth are barred by applicable statutes of limitations; Claimant is barred from recovery under the doctrine of laches because Claimant has waited an unreasonable long period of time to raise her claims; Respondents did not make any misrepresentations to Claimant, Claimant's claims are barred by the equitable doctrines of waiver, estoppel and ratification as Claimant directed, authorized, consented to, acquiesced and/or ratified all transactions at issue; Claimant had actual and/or constructive knowledge of all matters which she claims were misrepresented to her; Respondents acted in good faith and in complete compliance with all applicable laws, rules, regulations and policies governing the activities in question; Claimant is barred from recovery by the doctrine of assumption of risk; Claimant is barred from any recovery by her own contributory negligence; and, some or all of Claimant's claims are ineligible as a matter of law.

RELIEF REQUESTED

Claimant Mary G. Johnson in her pleading requested:

| | |
|-----------------------------|----------------------|
| Compensatory Damages | \$1,697,926.00 |
| Prejudgment Interest | At the legal rate |
| Attorneys' Fees | Amount not specified |
| Arbitration Costs | Amount not specified |
| Economist and experts' fees | Amount not specified |

Respondents requested that all claims be denied in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

Following Claimant's presentation of her case, Respondents moved to dismiss. This motion was denied.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing and the post-hearing submission, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondents Ryan, Lee & Co., Wayne M. Lee, Patrick C. Ryan and Preston Mulford, jointly and severally, are liable to and shall pay Claimant Mary G. Johnson Compensatory damages in the sum of \$385,000; postjudgement interest on the Award is to commence 45 (forty-five) days after date of Award at the interest rate of 8% simple interest per annum.
2. That each party shall bear its own costs and expenses, including attorney fees, except as fees are specifically assessed below.
3. That any and all relief requests not specifically addressed 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 | = \$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 the Respondents' firm.

| | |
|-------------------------|-----------|
| Member surcharge | = \$2,500 |
| Pre-hearing process fee | = \$ 600 |
| Hearing process fee | = \$4,500 |

Forum Fees and Assessments

The Arbitrator(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:

2 Pre-hearing sessions with Panel x \$1,200 = \$ 2,400

12 Hearing sessions x \$1,200 = \$14,400

Hearing Dates:

| | |
|--------------------|------------|
| September 14, 2000 | 2 sessions |
| September 15, 2000 | 2 sessions |
| September 26, 2000 | 2 sessions |
| September 27, 2000 | 2 sessions |
| September 28, 2000 | 3 sessions |
| September 29, 2000 | 1 session |

Total Forum Fees = \$16,800

The Panel has assessed 50% (\$8,400) of the forum fees to Claimant.

The Panel has assessed 50% (\$8,400) of the forum fees to Respondents, jointly and severally.

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.

Claimant copies of audio tapes = \$150

Fee Summary

Claimant, Mary Johnson, is assessed the following fees:

| | |
|---|-----------|
| Initial Filing Fee | = \$ 500 |
| Forum Fees | = \$8,400 |
| Administrative Costs | = \$ 150 |
| Total Fees | = \$9,050 |
| Less payments | = \$1,820 |
| Balance Due NASD Dispute Resolution, Inc. | = \$7,230 |

Respondent Ryan, Lee & Co., Inc., is assessed the following fees:


| | |
|---|-----------|
| Member Fees | = \$7,600 |
| Total Fees | = \$7,600 |
| Less payments | = \$7,600 |
| Balance Due NASD Dispute Resolution, Inc. | = \$ 0 |

Respondents, Ryan, Lee & Co., Inc., Ryan Lee, Patrick C. Ryan and Preston Mulford, are assessed the following fees:

| | |
|---|-----------|
| Forum Fee | = \$8,400 |
| Balance Due NASD Dispute Resolution, Inc. | = \$8,400 |

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

Concurring Arbitrators' Signatures



Gerald Scher
Public Arbitrator, Presiding Chairman

12/9/00

Signature Date

Barbara B. Franklin
Public Arbitrator, Panelist

Signature Date

Jane F. Moore
Non Public Arbitrator

Signature Date

December 13, 2000

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

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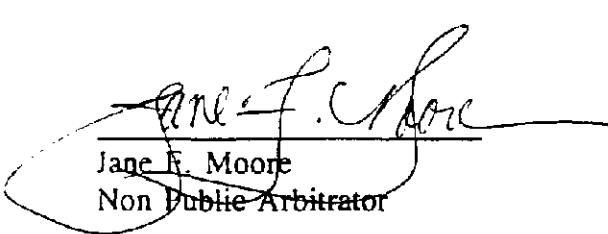
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12.9.00
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