

Stipulated Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Arnold H. Simon, (Claimant) vs. Hambrecht & Quist LLC and Michael Rice, (Respondent)

Case Number: 99-04353

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, Arnold H. Simon, hereinafter referred to as "Claimant": Matthew J. Sava, Esq., Shapiro Forman & Allen LLP, New York, NY.

Respondent, Hambrecht & Quist LLC ("H&Q"): Michael J. McAllister, Esq., Satterlee Stephens Burke & Burke LLP, New York, NY.

Respondent, Michael Rice ("Rice"): John Singer, Esq., Proskauer Rose LLP, New York, NY and Michael J. McAllister, Esq., Satterlee Stephens Burke & Burke LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: September 23, 1999.

Claimant signed the Uniform Submission Agreement: December 10, 1999.

Statement of Answer filed by Respondents on or about: November 18, 1999.

H&Q signed the Uniform Submission Agreement: November 17, 1999.

Rice signed the Uniform Submission Agreement: November 18, 1999.

CASE SUMMARY

Claimant asserted the following causes of action: unauthorized and reckless trading.
Claimant's claim involved the stock of America Online and other unspecified stocks.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant's account was profitable on the date that he transferred it out of H&Q; during the account's existence at H&Q, Claimant was in constant communication with Rice as to the status of his account; Claimant and his accountant each received a confirmation for each trade and a monthly statement reflecting deposits and withdrawals of cash and securities, each trade, a schedule of realized gains or losses, margin dept, and net value; and Claimant's claims are barred by the legal and equitable principles of ratification, estoppel, waiver, and laches.

RELIEF REQUESTED

Claimant requested:

- a. Compensatory damages in the approximate amount of \$3,800,000.00;
- b. Interest, costs, disbursements, and reasonable attorneys' fees; and
- c. Such other and further relief as the Panel may deem just and proper.

Respondents requested that Claimant's claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the conclusion of the hearing, Claimant, H&Q, and Rice agreed to enter into a Stipulated Award which they executed on July 31, 2001, July 18, 2001, and July 17, 2001, respectively, and which is attached hereto. This Stipulated Award is being submitted to the Panel for its consideration.

The parties have agreed that the Stipulated Award in this matter may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

AWARD

On July 31, 2001, July 18, 2001, and July 17, 2001, respectively, the parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon the motion of all parties for entry of an Award, the written stipulation thereto, the Panel hereby grants the motion and enters this Award granting the following relief:

1. Pursuant to the terms of the parties' settlement agreement and a Notice of Withdrawal and Dismissal of all Claims with Prejudice, all claims against Rice have been withdrawn and dismissed with prejudice.
2. The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Rice's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to members 99-09 and 99-54, Respondent Rice must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

3. The matter is settled (subject to the terms and conditions of the settlement agreement), and the undersigned arbitrators hereby order the dismissal of any claim(s) for damages that may have been asserted by Respondents against Claimant as a result of filing and pursuit of this claim.
4. Pursuant to the terms of the parties' settlement agreement, the Panel hereby orders that all claims against H&Q be dismissed with prejudice.
5. The parties shall bear their costs, subject to the settlement agreement, except for those specifically included herein; and
6. Any relief not stated as part of this Stipulated Award or part of the settlement agreement 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	= \$ 600.00
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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 firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, Hambrecht & Quist LLC is a party.

Member surcharge	= \$2,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$4,500.00

Adjournment Fees

Adjournments requested during these proceedings:

Oct. 23 & 24, 2000, adjournment by Claimant	= \$1,200.00
Dec. 5 & 6, 2000, adjournment by Respondents	= \$1,200.00
Mar. 15 & 16, 2001, adjournment by Claimant	= \$1,000.00

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:

One (1) Pre-hearing session with a single arbitrator x \$450.00	= \$ 450.00
Pre-hearing conference: May 16, 2001	1 session
One (1) Pre-hearing session with Panel x \$1,200.00	= \$1,200.00
Pre-hearing conference: June 12, 2000	1 session
Total Forum Fees	= \$1,650.00

1. The Panel has assessed \$825.00 of the forum fees against Claimant.
2. The Panel has assessed \$825.00 of the forum fees jointly and severally against Respondents.

Fee Summary

1. Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 600.00
Adjournment Fees	= \$2,200.00
Forum Fees	= \$ 825.00
Total Fees	= \$3,625.00
Less payments	= \$3,000.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 625.00
2. H&Q be and hereby is solely liable for:

Member Fees	= \$7,600.00
Total Fees	= \$7,600.00
Less payments	= \$7,600.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00
3. Respondents be and hereby are jointly and severally liable for:

Adjournment Fee	= \$1,200.00
Forum Fees	= \$ 825.00
Total Fees	= \$2,025.00
Less payments	= \$1,000.00
Balance Due NASD Dispute Resolution, Inc.	= \$1,025.00


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

ARBITRATION PANEL

Richard Weinberger, Esq.	-	Public Arbitrator, Presiding Chair
Brian J. Burstin, Esq.	-	Public Arbitrator
Salvatore Saladini	-	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.


Richard Weinberger, Esq.
Public Arbitrator, Presiding Chair

Aug. 29, 2001
Signature Date

Brian J. Burstin, Esq.
Public Arbitrator

Signature Date

Salvatore Saladini
Industry Arbitrator

Signature Date

September 18, 2001
Date of Service (For NASD office use only)

ARBITRATION PANEL


Richard Weinberger, Esq.	-	Public Arbitrator, Presiding Chair
Brian J. Burstin, Esq.	-	Public Arbitrator
Salvatore Saladini	-	Industry Arbitrator

Concurring Arbitrators' Signatures

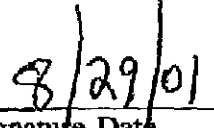
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Richard Weinberger, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Brian J. Burstin, Esq.
Public Arbitrator



Signature Date

Salvatore Saladini
Industry Arbitrator

Signature Date

September 18, 2001
Date of Service (For NASD office use only)

ARBITRATION PANEL

Richard Weinberger, Esq.	-	Public Arbitrator, Presiding Chair
Brian J. Burstin, Esq.	-	Public Arbitrator
Salvatore Saladini	-	Industry Arbitrator

Concurring Arbitrators' Signatures

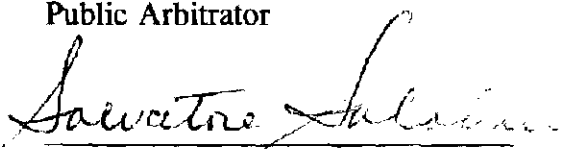
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Richard Weinberger, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Brian J. Burstin, Esq.
Public Arbitrator

Signature Date


Salvatore Saladini
Industry Arbitrator

7-04-01
Signature Date

September 18, 2001
Date of Service (For NASD office use only)

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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ARNOLD H. SIMON, : **NASD Arb. No. 99-04353**

Claimants, :

-against- :

HAMBRECHT & QUIST LLC and MICHAEL :
RICE, :

Respondents.

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**CONSENT AWARD, STIPULATION OF DISMISSAL,
AND STIPULATION TO EXPUNGE MATTER
FROM THE CRD OF MICHAEL RICE**

In connection with the discontinuance and dismissal of the above-captioned action with prejudice against all parties, the undersigned arbitrators have decided and determined that:

IT IS HEREBY STIPULATED AND AGREED, by and between Claimant Arnold Simon and Respondent Hambrecht & Quist, LLC (n/k/a J.P. Morgan Securities, Inc.) ("H&Q"), through their respective counsel, that this matter has been settled pursuant to a settlement agreement, and all claims against Respondent Michael Rice have been withdrawn with prejudice.

AFTER CONSIDERING THE PARTIES' SUBMISSIONS AND REPRESENTATIONS, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows:

1. Pursuant to the terms of the aforementioned settlement agreement and a Notice of Withdrawal and Dismissal of all Claims with Prejudice, all claims against Respondent Michael Rice have been withdrawn and dismissed with prejudice.

2. Since the claims against Mr. Rice have been withdrawn, the undersigned arbitrators hereby order that all information regarding this arbitration be expunged, pending confirmation by a Court of competent jurisdiction, from the records of Michael Rice, CRD #1551556, in the Central Registration Depository ("CRD") administered by NASD Regulation, Inc.;

3. The matter is settled (subject to the terms and conditions of the settlement agreement), and the undersigned arbitrators hereby order the dismissal of any claim(s) for damages that may have been asserted by the Respondents against Claimant as a result of filing and pursuit of this claim;

4. Pursuant to the terms of the aforementioned settlement agreement, the undersigned arbitrators hereby order that all claims against H&Q be dismissed with prejudice.

5. The parties shall bear their costs, subject to the settlement agreement, except for those specifically included herein; and

6. Any relief not stated as part of this Consent Award or part of the settlement agreement is denied.

7. This Stipulation and Award may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

OTHER COSTS

None.

FORUM FEES

NASD Regulation, Inc. shall retain the claim filing fee, and shall refund the hearing deposit to Claimant.

Date: July 31, 2001

Robert W. Forman
Robert Forman, Esq.
Shapiro, Forman & Allen, LLP
Counsel for Claimant
ARNOLD SIMON

Date: July 17, 2001

John D. Singer
John Singer, Esq.
Proskauer Rose LLP
Counsel for Respondent
MICHAEL RICE

Date: July 18, 2001

Michael McAllister
Michael McAllister, Esq.
Suzanne Kaiser, Esq.
Saterlee, Stephens, Burke & Burke LLP
Counsel for Respondents
HAMBRECHT & QUIST, LLC and
MICHAEL RICE

The undersigned arbitrators hereby affirm that they have executed this instrument which is their award:

Date: _____

Richard Weinberger, Esq., Arbitrator

Date: _____

Harris Gould, Esq., Arbitrator

Date: _____

Salvatore Saladini, Arbitrator