

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Leona McCarthy Belluardo, Elizabeth N. McCarthy, McCarthy 1997 Education Trust, and John J. McCarthy 1969 Trust (Claimants) v. Neuberger Berman, LLC (Respondent)

Case Number: 03-08288

Hearing Site: Newark, New Jersey

Nature of the Dispute: Customers vs. Member.

REPRESENTATION OF PARTIES

Claimants Leona McCarthy Belluardo ("Belluardo"), Elizabeth N. McCarthy ("McCarthy"), McCarthy 1997 Education Trust ("McCarthy 1997 Trust"), and John J. McCarthy 1969 Trust ("McCarthy 1969 Trust") hereinafter collectively referred to as "Claimants": Seth E. Lipner, Esq., Deutsch & Lipner, Garden City, NY.

Respondent Neuberger Berman, LLC ("Neuberger") hereinafter referred to as "Respondent": Brian F. McDonough, Esq., Drinker Biddle & Reath, LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: November 19, 2003.

Claimant Belluardo signed the Uniform Submission Agreement: September 25, 2003.

Claimant McCarthy signed the Uniform Submission Agreement: September 25, 2003.

Claimant McCarthy 1997 Trust signed the Uniform Submission Agreement: September 24, 2003.

Claimant McCarthy 1969 Trust signed the Uniform Submission Agreement: October 6, 2003.

Statement of Answer filed by Respondent on or about: February 11, 2004.

Respondent signed the Uniform Submission Agreement: April 22, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; breach of contract; negligence; negligent supervision; violations of NYSWE and NASD rules (including without limitation those relating to suitability of investment recommendations, requirement of due diligence and good practice, and rules regarding compliance and supervision); and violation of New York General Business Law §349. The causes of action relate to unspecified securities.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$3,000,000.00; the return of all fees and commissions; punitive damages; costs, reasonable attorneys' fees under NY General Business Law §349; interest; and such other and further relief as the Arbitrators deem just and proper.

Respondent requested that the claim be denied.

OTHER ISSUES CONSIDERED AND DECIDED

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, and 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. Respondent is liable for and shall pay to Claimant Belluardo compensatory damages in the amount of \$201,000.00.
2. Respondent is liable for and shall pay to Claimant McCarthy 1969 Trust compensatory damages in the amount of \$356,500.00.
3. Respondent is liable for and shall pay to Claimant McCarthy 1997 Trust compensatory damages in the amount of \$92,000.00
4. Respondent is liable for and shall pay to Claimant McCarthy compensatory damages in the amount of \$408,250.00.
5. Respondent is liable for and shall pay to Claimants the sum of \$500.00, to reimburse Claimants for the filing fee previously paid to NASD Dispute Resolution.
6. Any and all relief not specifically addressed herein, including punitive damages, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$500.00

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 persons at the time of the events giving rise to the dispute. Accordingly, Neuberger Berman, LLC is a party.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00	= \$ 900.00
Pre-hearing conferences: September 1, 2004 1 session	
September 3, 2004 1 session	

One (1) Pre-hearing session with Panel @ \$1,200.00	= \$ 1,200.00
Pre-hearing conference: June 4, 2004 1 session	

Twelve (12) Hearing sessions @ \$1,200.00	= \$14,400.00
Hearing Dates: October 8, 2004 2 sessions	
October 11, 2004 2 sessions	
October 12, 2004 2 sessions	
October 13, 2004 2 sessions	
October 15, 2004 2 sessions	
October 18, 2004 2 sessions	

Total Forum Fees = \$16,500.00

1. The Panel has assessed \$1,320.00 of the forum fees against Claimant Belluardo.
2. The Panel has assessed \$1,320.00 of the forum fees against Claimant McCarthy 1969 Trust.
3. The Panel has assessed \$1,320.00 of the forum fees against Claimant McCarthy 1997 Trust.
4. The Panel has assessed \$1,320.00 of the forum fees against Claimant McCarthy.
5. The Panel has assessed \$11,220.00 of the forum fees against Respondent.

Fee Summary

1. Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 500.00
Balance Due NASD Dispute Resolution	= \$ 0.00

2. Claimant Belluardo is solely liable for:

<u>Forum Fees</u>	= \$ 1,320.00
<u>Total Fees</u>	= \$ 1,320.00
<u>Less payments</u>	= \$ 1,300.00
Balance Due NASD Dispute Resolution	= \$ 20.00

3. Claimant McCarthy 1969 Trust is solely liable for:

<u>Forum Fees</u>	= \$ 1,320.00
<u>Total Fees</u>	= \$ 1,320.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,320.00

4. Claimant McCarthy 1997 Trust is solely liable for:

<u>Forum Fees</u>	= \$ 1,320.00
<u>Total Fees</u>	= \$ 1,320.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,320.00

5. Claimant McCarthy is solely liable for:

<u>Forum Fees</u>	= \$ 1,320.00
<u>Total Fees</u>	= \$ 1,320.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,320.00

6. Respondent is solely liable for:

Member Fees	= \$ 8,550.00
<u>Forum Fees</u>	= \$11,220.00
<u>Total Fees</u>	= \$19,770.00
<u>Less payments</u>	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$11,220.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Thomas Benjamin Salzer, Esq.	-	Public Arbitrator, Presiding Chairperson
Paul S. Biederman	-	Public Arbitrator
John J. Bucko	-	Non-Public 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.

Thomas Benjamin Salzer, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Paul S. Biederman
Public Arbitrator

Signature Date

John J. Bucko
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Thomas Benjamin Salzer, Esq. - Public Arbitrator, Presiding Chairperson
Paul S. Biederman - Public Arbitrator
John J. Bucko - Non-Public Arbitrator

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Thomas Benjamin Salzer, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Paul S. Biederman
Public Arbitrator

Signature Date



John J. Bucko
Non-Public Arbitrator

11/01/2004

Signature Date

NOVEMBER 2, 2004
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Thomas Benjamin Salzer, Esq. - Public Arbitrator, Presiding Chairperson
Paul S. Biederman - Public Arbitrator
John J. Bucko - Non-Public Arbitrator

Concurring Arbitrators' Signatures

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Thomas Benjamin Salzer, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Paul S. Biederman
Public Arbitrator

10/28/04

Signature Date

John J. Bucko
Non-Public Arbitrator

Signature Date

NOVEMBER 2, 2004
Date of Service (For NASD Dispute Resolution use only)