

**FINRA Dispute Resolution
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Number of Pages including the Cover Sheet: _____

Date: 12/27/2011

Case Number: 10-01557

Case Name: Stephen Colavito vs. Deutsche Bank Securities Inc. (CRD# 2525)

To: Craig H. Kuglar

Phone: 404-432-4448 Fax: 404-393-8007

From: Lisa Lasher *[Signature]*
Senior Case Administrator

Message:

This facsimile transmission is intended only for the addressee(s) shown above. It may contain information that is privileged, confidential, or otherwise protected from disclosure. Any review, dissemination or use of this transmission or its contents by persons other than addressee is strictly prohibited. If you have received this transmission in error, please notify us immediately by telephone at the above number.

David Carey
FINRA Dispute Resolution
One Liberty Plaza, 165 Broadway, 52nd Floor
New York, NY 10006
212-858-4333 (tel) | 301-527-4706 (fax) | david.carey@finra.org (email)

Right to File Motion to Vacate Award

FINRA rules provide that, unless the applicable law directs otherwise, all awards rendered are final and are not subject to review or appeal. Accordingly, FINRA has no authority to vacate this award. Any party wishing to challenge the award must make a motion to vacate the award in a federal or state court of appropriate jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. § 10, or applicable state statute. There are limited grounds for vacating an arbitration award, and a party must bring a motion to vacate within the time period specified by the applicable statute. If you are not represented by counsel and wish to challenge the award, we urge you to seek legal advice regarding any rights or remedies available to you.

Forum Fees

You will receive under separate cover an invoice that reflects the fees assessed and any outstanding balance or refund due. Fees are due and payable to FINRA Dispute Resolution upon receipt of the invoice and should be sent to the address specified on the invoice. Any applicable refunds will also be sent under separate cover approximately 45 days after the case closes. All questions regarding payment of fees and refunds should be directed to FINRA Finance at (240) 386-5910.

Arbitrator Evaluation

FINRA encourages parties to complete Arbitrator Evaluation Forms at the conclusion of every case. We will utilize your comments in our ongoing efforts to evaluate and improve the services our forum provides. You can complete the Arbitrator Evaluation Form on our website at www.finra.org/arbevaluation.

Party Submissions to Arbitrators After a Case Closes

FINRA rules provide that parties may not submit documents to arbitrators in cases that have been closed except under the following limited circumstances: 1) as ordered by a court; 2) at the request of any party within 10 days of service of an award, for typographical or computational errors, or mistakes in the description of any person or property referred to in the award; or 3) if all parties agree and submit documents within 10 days of service of an award. Any documents, if submitted, must be sent through FINRA.

Questions Concerning Award

Should you have any questions, please contact me at the phone number or email address provided below. Parties should not directly contact arbitrators under any circumstances.

Very truly yours,

Lisa Lasher / lmm

Lisa D. Lasher
Senior Case Administrator
Phone: 561-416-0277
Fax: 301-527-4868
FL-Main@finra.org

LYL:lmm:LC09A
idr: 09/14/2011

RECIPIENTS:

Nicholas H. De Baun, Esq., Deutsche Bank Securities, Inc.
Sidley Austin LLP, 787 Seventh Avenue, New York, NY 10019

Craig H. Kuglar, Esq., Stephen Colavito
The Law Offices of Craig Kuglar LLC, 309 N. Highland Avenue N.E., Suite A, Atlanta,
GA 30307



December 27, 2011

Craig H. Kuglar, Esq.
The Law Offices of Craig Kuglar LLC
309 N. Highland Avenue N.E.
Suite A
Atlanta, GA 30307

Subject: FINRA Dispute Resolution Arbitration Number 10-01557
Stephen Colavito vs. Deutsche Bank Securities Inc. (CRD# 2525)

Dear Mr. Kuglar:

Enclosed please find the decision reached by the arbitrator(s) in the above-referenced matter.

FINRA rules provide that all monetary awards shall be paid within 30 days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction. An award shall accrue interest from the date of the award:

- If not paid within 30 days of receipt;
- If the award is the subject of a motion to vacate which is denied; or
- As specified by the panel in the award.

Interest shall be assessed at the legal rate, if any, then prevailing in the state where the award was rendered, or at a rate set by the arbitrator(s).

Firms are required to notify FINRA in writing within 30 days of receipt of an award that they or their associated persons have paid or otherwise complied with the award, or to identify a valid basis for non-payment. **The 30-day period ends on: January 26, 2012.** Associated persons who have changed employment since the arbitration claim was filed are required to notify FINRA directly regarding the payment status of any awards against them. Please review Notice to Members 00-55 for more information on the notification requirement and the sanctions for noncompliance.

Written notification concerning award compliance or lack thereof should be directed to:

David Carey
FINRA Dispute Resolution
One Liberty Plaza, 165 Broadway, 52nd Floor
New York, NY 10006
212-858-4333 (tel) | 301-527-4706 (fax) | david.carey@finra.org (email)

Investor protection. Market integrity.

Dispute Resolution
Southeast Regional Office

Boca Center Tower 1
5200 Town Center Circle
Suite 200
Boca Raton, FL
33486-1015

t 561 416 0277
f 301 527 4868
www.finra.org

Should you have any questions, please contact me at the phone number or email address provided below. Parties should not directly contact arbitrators under any circumstances.

Very truly yours,

Lisa Lasher / lmm

Lisa D. Lasher
Senior Case Administrator
Phone: 561-416-0277
Fax: 301-527-4868
FL-Main@finra.org

LYL:lmm: LC09X
idr: 12/06/2011

RECIPIENTS:

Craig H. Kuglar, Esq., Stephen Colavito
The Law Offices of Craig Kuglar LLC, 309 N. Highland Avenue N.E., Suite A, Atlanta,
GA 30307

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimant
Stephen Colavito

Case Number: 10-01557

vs.

Respondent
Deutsche Bank Securities, Inc.

Hearing Site: Atlanta, Georgia

Nature of the Dispute: Associated Person vs. Member

REPRESENTATION OF PARTIES

Claimant Stephen Colavito, hereinafter referred to as "Claimant": Craig H. Kuglar, Esq. and David J. Hungeling, Esq., The Law Offices of Craig Kuglar LLC, Atlanta, GA.

Respondent Deutsche Bank Securities, Inc. ("DBSI"), hereinafter referred to as "Respondent": Nicholas H. De Baun, Esq. and James O. Heyworth, Esq., Sidley Austin LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: April 2, 2010.

Stephen Colavito signed the Submission Agreement: April 2, 2010.

Amended Statement of Claim filed on or about: October 8, 2010.

Statement of Answer to Counterclaim filed on or about: July 30, 2010.

Response to Request for Extension [and Request for Sanctions] filed by Claimant on or about: August 26, 2011.

Response to Motion to Strike [slander claim] and to Motion to Dismiss [preclude breach of contract claim] filed by Claimant on or about: October 28, 2011

Statement of Answer and Counterclaim filed by Respondent on or about: June 25, 2010.

Deutsche Bank Securities, Inc. did not sign the Submission Agreement.

Request for Extension [to comply with Panel's September 19, 2011 Order] filed by Respondent on or about: August 23, 2011.

Motion to Strike [slander claim] for Violation of FINRA Rule 13309(b) filed by Respondent on or about: October 25, 2011.

Motion to Preclude the Introduction of Testimony or Evidence Concerning Claimant's Time-Barred Contract Claims filed by Respondent on or about: October 26, 2011.

Memorandum in Support of Motion to Preclude the Introduction of Testimony or Evidence Concerning Claimant's Time-Barred Contract Claims filed by Respondent on

FINRA Dispute Resolution
Arbitration No. 10-01557
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or about: October 26, 2011.

Reply Memorandum of Law in Further Support of Motion to Strike [slander claim] for Violation of FINRA Rule 13309(b) and to Preclude the Introduction of Certain Testimony and Other Evidence [relating to slander claim] filed by Respondent on or about: October 28, 2011.

CASE SUMMARY

Claimant asserted the following causes of action: (1) breach of employment agreement; (2) fraud and constructive fraud; and, (3) negligent misrepresentation. The causes of action relate to Claimant's employment with Respondent.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses. Additionally, Respondent asserted a Counterclaim for breach of promissory note. The cause of action relates to Claimant's alleged failure to repay sums due pursuant to a fully executed promissory note dated June 24, 2008 (the "Note") upon Claimant's termination of employment with Respondent.

Unless specifically admitted in his Reply to Answer, Claimant denied the allegations made in the Counterclaim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, as amended, Claimant requested: (1) compensatory damages in the amount of \$4,800,000.00; (2) interest; (3) attorneys' fees; (4) costs; and, (5) such other and further relief deemed just and proper by the Panel. In his pre-hearing Memorandum Argument and Authorities, Claimant requested, among other things, an award of punitive damages.

In its Answer and Counterclaim, Respondent requested: (1) dismissal of the Statement of Claim in its entirety with prejudice; (2) compensatory damages in the amount of \$854,492.70; (3) interest at the applicable rate; (3) costs and expenses; (4) attorneys' fees incurred in defending this arbitration and in collection of the outstanding sum due under the Note; and, (5) such other and further relief as deemed just and proper by the Panel.

In his Statement of Answer to Counterclaim, Claimant requested an award in favor of Claimant on the claims stated in the Statement of Claim in an amount consistent with the law and the facts.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

Respondent did not file with FINRA Dispute Resolution a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure (the "Code") and, having answered the claim, asserted a Counterclaim,

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appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

On or about August 13, 2010, the parties stipulated to a panel comprised of three non-public arbitrators.

Respondent filed a request for an extension of time to comply with the Panel's discovery deadline set forth in the Panel's August 9, 2011 Order to which Claimant objected. Additionally, Claimant requested that the Panel impose sanctions upon Respondent for its failure to comply with the Panel's September 19, 2011 Order. On or about September 20, 2011, the Panel issued an Order that denied Respondent's request for an extension and held in abeyance its decision on Claimant's request for sanctions. Thereafter, the Panel decided at the commencement of the hearing to hold Claimant's request for sanctions in abeyance until after the evidentiary hearing. The Panel subsequently ruled to deny Claimant's request for sanctions.

Respondent filed a Motion to Preclude the Introduction of Testimony or Evidence Concerning Claimant's Time-Barred Contract Claims in which Respondent asserted that Claimant's one year limitation period began to run soon after he was hired by Respondent in 2008 and the claim was not filed until well after that one-year period expired. Respondent filed a Motion to Strike [slander claim] for Violation of FINRA Rule 13309(b) and to Preclude the Introduction of Certain Testimony and Other Evidence [relating to slander claim] in which Respondent asserted that: (1) Claimant is attempting to amend his pleadings on the eve of hearing without leave of the Panel in violation of FINRA Rule 13309(b); and, (2) the applicable statute of limitations to bring a claim for slander is one year, which has long since passed. In response to both motions, Claimant stated that: (1) Respondent's motions violate FINRA Rules 13503 and 13504; (2) Claimant complied with FINRA's pleading requirements and gave Respondent advance notice that he would be seeking damages for slander; and, (3) Respondent's "Motion to Dismiss" the breach of contract claim fails because Claimant brought his claim within one year of the breach at issue in this case. Claimant also requested, among other things, that the Panel require Respondent to reimburse Claimant the sum of \$10,000.00 for his attorneys' fees incurred in responding to these motions, and strike Respondent's Answer, Defenses and Counterclaim as a result of discovery violations and failure to comply with FINRA procedures governing motions. On or about November 2, 2011, the Panel issued an Order that deferred a decision on these motions until the outset of the evidentiary hearing. At the outset of the evidentiary hearing, the Panel heard oral argument from the parties on these motions and thereafter determined to: (1) deny Respondent's Motion to Preclude the Introduction of Testimony or Evidence Concerning Claimant's Time-Barred Contract Claims; grant Respondent's Motion to Strike [slander claim] for Violation of FINRA Rule 13309(b) and to Preclude the Introduction of Certain Testimony and Other Evidence [relating to slander claim]; (2) deny Claimant's request to strike Respondent's Answer and Counterclaim as a result of discovery violations; and, (3) grant Claimant's request for reimbursement of the sum of \$10,000.00 for his attorneys' fees incurred in responding to these motions.

On or about May 2, 2011, FINRA Dispute Resolution notified the parties that Arbitrator Marian Cover Dockery's classification changed from non-public to public.

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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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable for and shall pay to Claimant compensatory damages in the amount of \$1,664,431.00 (representing lost wages), plus interest at the rate of 10% per annum on any unpaid balance accruing 30 days following the date of service of this award until the compensatory damage award is paid in full.

The Panel finds that Respondent, through its agent, a DBSI Managing Director with DBSI's Global Markets division, systematically blocked Claimant from conducting a securities business with institutional clients (both broker/dealer and non-broker/dealer), without regard as to whether such clients were otherwise "covered" by the agent's division and without regard to Respondent's ability to increase revenue through Claimant's employment with Respondent's Atlanta branch office. The Panel finds that the Managing Director's conduct toward Claimant was reprehensible.

Respondent is liable and shall pay to Claimant punitive damages in the amount of \$1,664,431.00, plus interest at the rate of 10% per annum on any unpaid balance accruing 30 days following the date of service of this award until the punitive damage award is paid in full. The Panel's authority to award punitive damages is derived from *Ross v. Louise Wise Serv., Inc.*, 8NY3d, 478 489, quoting *Walker v. Sheldon*, 10 NY2d 401, 405.

In accordance with O.C.G.A. §13-6-11, Respondent is liable for and shall reimburse Claimant the sum of \$317,966.00, representing attorneys' fees incurred by Claimant in connection with this matter. This sum includes the \$10,000.00 in attorneys' fees awarded herein that Claimant incurred in responding to Respondent's motions.

Claimant is liable for and shall pay to Respondent compensatory damages in the amount of \$854,492.70, representing repayment of the balance due under the Note issued to Claimant, plus interest at the rate of 10% per annum on any unpaid balance accruing from the date of service of the award until the compensatory damage award is paid in full.

The Panel recommends that repayment of the promissory note should be credited to Respondent's Private Client Services division in such a way that the Atlanta branch office is made whole (i.e., the Atlanta branch office should not be charged any or all or part of Claimant's award and Respondent's Counterclaim award should also be credited toward the Atlanta branch.) The Panel finds that Respondent's Atlanta branch manager did everything in her power to assist both Claimant and Respondent as a whole during Claimant's employment to develop a working relationship across different divisions of Respondent that would ultimately increase total revenue for Respondent. The Panel further recommends that Respondent internally assess the entire amount of Claimant's

FINRA Dispute Resolution
 Arbitration No. 10-01557
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award, attorneys' fees and other arbitration costs against Respondent's Global Markets division.

Any and all relief not specifically addressed herein, including Respondent's request for attorneys' fees, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial claim filing fee	= \$1,800.00
Counterclaim filing fee	= \$2,450.00

**The filing fee is made up of a non-refundable and a refundable portion.*

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. Accordingly, as a party, Respondent is assessed the following:

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

August 8-11, 2011, adjournment by parties	= \$1,200.00
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The Panel has assessed \$600.00 of the adjournment fee to Claimant.

The Panel has assessed \$600.00 of the adjournment fee to Respondent.

Discovery-Related Motion Fees

Fees apply for each decision rendered on a discovery-related motion.

One (1) Decision on a discovery-related motion on the papers with two (2) arbitrators @ \$200.00/arbitrator	= \$ 400.00
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One (1) Decision on a discovery-related motion on the papers with three (3) arbitrators @ \$200.00/arbitrator	= \$ 600.00
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Respondent submitted two (2) discovery-related motions

Total Discovery-Related Motion Fees	= \$1,000.00
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FINRA Dispute Resolution
 Arbitration No. 10-01557
 Award Page 6 of 7

The Panel has assessed the total discovery-related motion fees of \$1,000.00 to Respondent.

Hearing Session Fees and Assessments

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

Three (3) Pre-hearing sessions with the Panel @ \$1,200.00/session		= \$3,600.00
Pre-hearing conferences:	December 3, 2010	1 session
	December 22, 2010	1 session
	June 23, 2011	1 session
Seven (7) Hearing sessions @ \$1,200.00/session		= \$8,400.00
Hearing Dates:	November 8, 2011	2 sessions
	November 9, 2011	2 sessions
	November 10, 2011	1 session
	November 11, 2011	2 sessions
<hr/>		
Total Hearing Session Fees		= \$12,000.00

The Panel has assessed the total hearing session fees of \$12,000.00 to Respondent.

All balances are payable to FINRA Dispute Resolution and are due upon receipt.

FINRA Dispute Resolution
Arbitration No. 10-01557
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ARBITRATION PANEL

- Carrie E. Wisniewski - Non-Public Arbitrator, Presiding Chairperson
- Marian Cover Dockery - Public Arbitrator
- Kenneth R. Woods - Non-Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

Concurring Arbitrators' Signatures

/s/

Carrie E. Wisniewski
Non-Public Arbitrator, Presiding Chairperson

December 21, 2011

Signature Date

/s/

Marian Cover Dockery
Public Arbitrator

December 21, 2011

Signature Date

/s/

Kenneth R. Woods
Non-Public Arbitrator

December 22, 2011

Signature Date

December 27, 2011

Date of Service (For FINRA Dispute Resolution office use only)

FINRA Dispute Resolution
Arbitration No. 10-01557
Award Page 7 of 7

ARBITRATION PANEL

- Carrie E. Wisniewski - Non-Public Arbitrator, Presiding Chairperson
- Marian Cover Dockery - Public Arbitrator
- Kenneth R. Woods - Non-Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

Concurring Arbitrators' Signatures

F8F8B7E0ABF0460...	<i>Caroline Wisniewski</i>	12/21/2011
Carrie E. Wisniewski Carrie E. Wisniewski		Signature Date
Non-Public Arbitrator, Presiding Chairperson		

DocuSigned by:	<i>Marian Dockery</i>	12/21/2011
Marian Cover Dockery		Signature Date
Public Arbitrator		

Kenneth R. Woods	Signature Date
Non-Public Arbitrator	

Date of Service (For FINRA Dispute Resolution office use only)

FINRA Dispute Resolution
Arbitration No. 10-01557
Award Page 7 of 7

ARBITRATION PANEL

- Carrie E. Wisniewski - Non-Public Arbitrator, Presiding Chairperson
- Marian Cover Dockery - Public Arbitrator
- Kenneth R. Woods - Non-Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

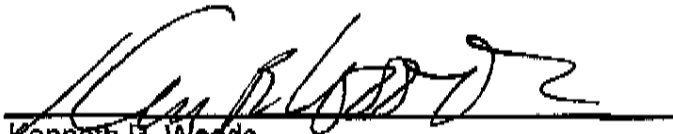
Concurring Arbitrators' Signatures

Carrie E. Wisniewski
Non-Public Arbitrator, Presiding Chairperson

Signature Date

Marian Cover Dockery
Public Arbitrator

Signature Date



Kenneth R. Woods
Non-Public Arbitrator

12/22/2011

Signature Date

Date of Service (For FINRA Dispute Resolution office use only)