

**Award  
FINRA Dispute Resolution**

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In the Matter of the Arbitration Between:

The Official Unsecured Creditors' Committee of Bayou Group, LLC (Claimant) v. Goldman Sachs Execution & Clearing, L.P. and Spear Leeds & Kellogg, L.P. (Respondents)

Case Number: 08-01763

Hearing Site: New York, New York

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Nature of the Dispute: Customer vs. Members.

**REPRESENTATION OF PARTIES**

Claimant The Official Unsecured Creditors' Committee of Bayou Group, LLC hereinafter referred to as "Claimant": John G. Rich, Esq. and Ross B. Intelisano, Esq., Rich & Intelisano, LLP, New York, NY. Previously represented by Joseph A. Gershman, Esq. and Joshua M. Greenblatt, Esq., Kasowitz, Benson, Torres & Friedman LLP, New York, NY.

Respondents Goldman Sachs Execution & Clearing, L.P. ("Goldman Sachs") and Spear Leeds & Kellogg, L.P. ("Spear Leeds"), hereinafter collectively referred to as "Respondents": Eric A. Bensky, Esq. and Howard Schiffman, Esq., Schulte Roth & Zabel LLP, Washington, DC.

**CASE INFORMATION**

Statement of Claim filed on or about: May 30, 2008.  
Claimant signed the Submission Agreement: May 29, 2008.

Joint Statement of Answer and Partial Motion to Dismiss filed by Respondents on or about: August 25, 2008.

Goldman Sachs signed the Submission Agreement: July 16, 2008.

Spear Leeds signed the Submission Agreement: July 16, 2008.

**CASE SUMMARY**

Claimant asserted the following causes of action: fraud, failure to investigate the fraud, and fraudulent transfers. The causes of action relate to the Bayou Hedge Funds.

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

**RELIEF REQUESTED**

In the Statement of Claim, Claimant requested compensatory damages in the amount of \$20,580,514.78 with interest, attorneys' fees, and such other and further relief as the

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Panel deems just and proper.

Respondents requested that this matter be dismissed.

### OTHER ISSUES CONSIDERED AND DECIDED

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

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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents are jointly and severally liable for and shall pay to Claimant compensatory damages in the amount of \$20,580,514.52.
2. Any and all relief not specifically addressed herein 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

*\*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 that employed the associated person at the time of the events giving rise to the dispute. Accordingly, as a party, Goldman Sachs Execution & Clearing, L.P., is assessed the following:

Member surcharge = \$3,750.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$5,500.00

#### Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

October 26-30, 2009 adjournment by Respondents = \$1,200.00

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**Contested Motion for Issuance of a Subpoena Fees**

Fees apply for each decision on a contested motion for the issuance of a subpoena.

One (1) Decision on a contested motion for the issuance of a subpoena with  
 (1) one arbitrator @ \$200.00 = \$ 200.00  
 Total Contested Motion for Issuance of Subpoenas Fees = \$ 200.00

The Panel has assessed \$200.00 of the contested motion for issuance of subpoenas fees to Claimant.

**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 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 @ \$450.00 = \$ 450.00  
 Pre-hearing conference: January 14, 2010 1 session

Thirteen (13) Pre-hearing sessions with Panel @ \$1,200.00 = \$15,600.00  
 Pre-hearing conferences: November 6, 2008 1 session  
 March 26, 2009 1 session  
 April 7, 2009 1 session  
 April 30, 2009 1 session  
 May 28, 2009 1 session  
 June 30, 2009 1 session  
 October 26, 2009 1 session  
 November 19, 2009 1 session  
 December 2, 2009 1 session  
 January 7, 2010 1 session  
 January 19, 2010 1 session  
 June 2, 2010 1 session  
 June 16, 2010 1 session

Thirty six (36) Hearing sessions @ \$1,200.00 = \$43,200.00  
 Hearing Dates: November 2, 2009 2 sessions  
 November 3, 2009 2 sessions  
 November 4, 2009 2 sessions  
 November 5, 2009 2 sessions  
 November 6, 2009 2 sessions  
 December 7, 2009 2 sessions  
 December 8, 2009 2 sessions  
 December 9, 2009 2 sessions  
 December 10, 2009 2 sessions  
 December 11, 2009 2 sessions  
 January 25, 2010 2 sessions  
 January 26, 2010 2 sessions  
 January 27, 2010 2 sessions  
 January 28, 2010 2 sessions

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January 29, 2010	2 sessions
February 6, 2010	2 sessions
May 6, 2010	2 sessions
May 19, 2010	2 sessions

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Total Hearing Session Fees = \$59,250.00

The Panel has assessed \$59,250.00 of the hearing session fees against Claimant.

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

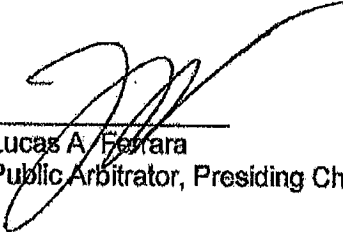
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**ARBITRATION PANEL**

Lucas A. Ferrara	-	Public Arbitrator, Presiding Chairperson
Joseph F. Grassi	-	Public Arbitrator
Vincent Cannaliato, Jr.	-	Non-Public Arbitrator

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.

**Concurring Arbitrators' Signatures**

  
 \_\_\_\_\_  
 Lucas A. Ferrara  
 Public Arbitrator, Presiding Chairperson

6/22/10  
 Signature Date

  
 \_\_\_\_\_  
 Joseph F. Grassi  
 Public Arbitrator

June 22, 2010  
 Signature Date

  
 \_\_\_\_\_  
 Vincent Cannaliato, Jr.  
 Non-Public Arbitrator

6/22/10  
 Signature Date

June 24, 2010

\_\_\_\_\_  
Date of Service (For FINRA Dispute Resolution use only)