

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Jess W. Summey, Claimant v. Polaris Financial Services, Inc., Respondent

Case Number: 00-0402

Hearing Site: Charlotte, North Carolina

REPRESENTATION OF PARTIES

For Claimant:

Kalju Nekvasil, Esq. and
Stephen Krossschell, Esq.
Goodman & Nekvasil, P.A.
Clearwater, Florida

For Respondent:

Lloyd R. Schwed, Esq.
Kubicki Draper, P.A.
West Palm Beach, Florida

CASE INFORMATION

Statement of Claim filed on or about: January 31, 2000.

Claimant signed the Uniform Submission Agreement on: July 8, 1999.

Statement of Answer filed by Respondent on or about: February 6, 2001.

Respondent signed the Uniform Submission Agreement on: August 28, 2000.

CASE SUMMARY

Claimant asserted the following causes of action: 1) violations of the North Carolina Securities Act, Sections 78A-8, 78A-24 and 78A-56; 2) violations of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. Sections 77e(a) and 77e(c); 3) breach of contract; 4) common law fraud; 5) breach of fiduciary duty; and 6) negligence and gross negligence. The causes of action relate to the sale of unregistered and fraudulent securities, namely investments in an equipment leasing program sponsored by Alliance Leasing Corporation and promissory notes issued by U.S. Capital Funding, Inc.

Respondent denied the allegations of wrongdoing set forth in Claimant's Statement of Claim.

RELIEF REQUESTED

Claimant requested: 1) compensatory damages in the amount of \$70,000.00; 2) benefit of the bargain damages; 3) damages for lost opportunity; 4) model portfolio damages; 5) punitive damages; 5) interest; 6) costs; 7) attorneys' fees; and 8) such other relief the undersigned arbitrators (the "Panel") deemed just and proper.

Respondent requested: 1) dismissal of the Statement of Claim; 2) costs; and 3) attorneys' fees.

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 executed.

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:

1. Respondent is liable and shall pay to Claimant the amount of \$39,162.00, inclusive of pre-judgment interest, in exchange for two unregistered securities, Alliance Leasing Corporation Equipment Leasing Program and U.S. Capital Funding, Inc. 9.25% Senior Note. These unregistered securities are rescinded and shall be tendered to the Respondent upon the simultaneous payment to the Claimant of the above-stated amount.
2. Respondent is further liable for failure to supervise Mr. McSwain and shall pay to Claimant attorneys' fees pursuant to Sections 78A-8, 78A-24 and 78A-56 of the North Carolina Securities Act, the amount which shall be determined by a court of competent jurisdiction.
3. Respondent is also liable and shall pay to Claimant the costs of Claimant's expert witness, Ms. Jones, in the amount of \$8,037.57.
4. Claimant's request for punitive damages is denied.
5. The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding.
6. All other requests for relief not specifically addressed herein are denied in their entirety and dismissed, with prejudice.

FEES

Pursuant to the NASD Code of Arbitration Procedure, 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

= \$225.00

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 a party.

Member surcharge	= \$1,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,500.00

Adjournment Fees

Adjournments requested during these proceedings:

May 16-18, 2001, adjournment requested by Respondent. The Panel adjourned the evidentiary hearing and waived the adjournment fee.

Forum Fees and Assessments

The Panel has the authority to assess 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:

Two (2) Pre-hearing sessions with Panel x \$750.00	= \$1,500.00
Pre-hearing conferences:	
November 9, 2000	1 session
March 22, 2001	1 session
Twelve (12) Hearing sessions x \$750.00	= \$9,000.00
Hearing Dates:	
April 9, 2001	2 sessions
April 10, 2001	2 sessions
April 11, 2001	2 sessions
June 18, 2001	2 sessions
June 19, 2001	2 sessions
June 20, 2001	2 sessions
Total Forum Fees	= \$10,500.00

The Panel has assessed \$6,300.00 of the forum fees to Claimant.
The Panel has assessed \$4,200.00 of the forum fees to Respondent.

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.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimant be and hereby is solely liable for:

Forum Fees = \$6,300.00

Less payments = \$ 975.00

Balance Due NASD Dispute Resolution, Inc.	= \$5,550.00
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Respondent be and hereby is solely liable for:

Forum Fees = \$4,200.00

Less payments = \$1,600.00

Balance Due NASD Dispute Resolution, Inc.	= \$5,700.00
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All balances are due and payable to NASD Dispute Resolution, Inc. immediately upon receipt of the Award by the parties pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

George John Sawyer, III - **Non-Public Arbitrator**

Concurring Arbitrators' Signatures

Sherwin Palmer
Public Arbitrator, Presiding Chair

Signature Date

William H. Malloy, Jr., Esq.
Public Arbitrator

Signature Date

Fee Summary

Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 225.00
Forum Fees	= \$6,300.00

Total Fees	= \$6,525.00
Less payments	= \$ 975.00

Balance Due NASD Dispute Resolution, Inc.	= \$5,550.00
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Respondent be and hereby is solely liable for:

Member Fees	= \$3,100.00
Forum Fees	= \$4,200.00

Total Fees	= \$7,300.00
Less payments	= \$1,600.00

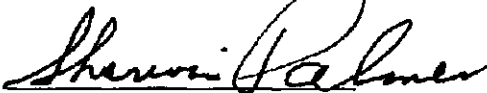
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William H. Malloy, Jr., Esq.	-	Public Arbitrator
George John Sawyer, III	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Sherwin Palmer
Public Arbitrator, Presiding Chair

7/15/01
Signature Date

William H. Malloy, Jr., Esq.
Public Arbitrator

Signature Date

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Sherwin Palmer
Public Arbitrator, Presiding Chair

Signature Date


William H. Malloy, Jr., Esq.
Public Arbitrator

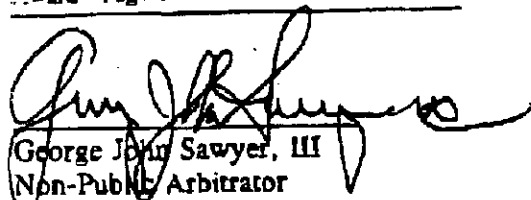
July 12, 2001
Signature Date

/s/
George John Sawyer, III
Non-Public Arbitrator

Signature Date

July 23, 2001
Date of Service

NASD Dispute Resolution, Inc.
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George John Sawyer, III
Non-Public Arbitrator

7/25/01
Signature Date

Date of Service