

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Jamie S. Botts and Philip S. Gellott

and

00-00584
Kansas City, Missouri

Name of Respondents

Corporate Network Brokerage Services, Inc.

Brian T. Hague

Douglas P. Richardson

REPRESENTATION OF PARTIES

Jamie S. Botts and Philip S. Gellott ("**Claimants**") were represented by Spencer Fane Britt & Browne, LLP, Kansas City, Missouri.

Corporate Network Brokerage Services, Inc. ("**Respondent CNBS**"), Brian T. Hague ("**Respondent Hague**") and Douglas P. Richardson ("**Respondent Richardson**") were represented by Robert B. Best, Jr., Esq., Husch & Eppenger, LLC., Kansas City, Missouri.

CASE INFORMATION

Request for Immediate Injunctive Relief and Statement of Claim was filed on or about February 10, 2000. Response to Counterclaim was filed on or about April 10, 2000. Submission Agreement of Claimant Jamie S. Botts was signed on February 9, 2000. Submission Agreement of Claimant Philip S. Gellott was signed on February 9, 2000.

Respondents' Response to the Statement of Claim, Affirmative Defenses, and Counterclaims was filed by Respondents Corporate Network Brokerage Services, Inc., Brian T. Hague and Douglas P. Richardson on or about March 27, 2000. Submission Agreement of Respondent Corporate Network Brokerage Services, Inc. was signed on March 24, 2000 by Brian T. Hague, individually and as President. Submission Agreement of Respondent Douglas P. Richardson was signed on March 24, 2000.

CASE SUMMARY

Claimants alleged that Respondents filed Form U-5's containing false, defamatory and injurious statements. Claimants alleged that the reported false reasons for termination are causing them extreme and irreparable harm, injury and distress. It was further alleged by Claimants that they conducted their activities within company policies and procedures.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated that all statements concerning the dismissal of Claimants were truthful and made pursuant to a duty to report, which is protected under the law as a qualified privilege. It was stated by Respondents that Claimants had blatantly violated company policies and practices. Respondents also stated that Claimants would arrive late to work or leave early, and at times would take excessively long lunches. It was further stated that while supposedly on business trips, Claimants took extra days together, on company time, with no business purpose. Respondents stated that expense reports submitted for these "business trips" resulted in the Claimants being "reimbursed" for personal expenses. Excessive absenteeism, false expense reports and fraternization were the reasons given by Respondents for termination, no allegation of an extramarital affair or any sexual conduct has ever been made by Respondents.

RELIEF REQUESTED

In the Statement of Claim, Claimants requested unspecified compensatory damages representing their lost income as a result of Respondents' conduct; unspecified punitive damages in such amount as is deemed fair and just; a disciplinary referral for the misconduct and disciplinary action in violation of the rules and regulations of NASD Regulation, Inc.; costs and legal fees incurred in pursuing this action.

In the Response to Counterclaim, Claimants requested the denial of the counterclaims in their entirety.

Respondents requested: that an award be entered in favor of the Respondents on all claims of Claimants, that an award be entered reinstating to the Form U-5's the actual reasons for the terminations, that an award be entered granting CNBS full restitution for funds fraudulently obtained by Claimants, totaling \$12,556.61, that the provisions of the Registered Representative Agreements be enforced against Claimants and for CNBS's legal fees and expenses in connection therewith, that CNBS be granted all such further relief, including arbitration costs and expenses as the arbitration panel deems appropriate.

OTHER ISSUES CONSIDERED & 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. In either case, the parties have agreed to receive

conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution, Inc. (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, if any, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

The arbitrators find:

1. Claimant's were employed as "at will" employees. As such, they could be terminated at will. Most, if not all, of the Claimant's loss in income results from the termination. Cost savings was not the reason for the Claimant's termination.
2. Respondents incorrectly characterized the reasons for Claimants' "termination" on the U-5s. Also, Respondents improperly amended the U-5s. In reviewing the evidence and regulations submitted to the arbitrators, the matters investigated after termination were not properly reportable matters of "internal investigation" on the U-5s. That is, the matters investigated did not fall within the definition of "internal investigation" matters to be reported.
3. Respondents' Exhibits 16, 18, and 55 (Supervisor's notes) were covered by Claimant's initial discovery requests and were not timely provided.
4. Respondents made an improper communication to at least one customer about Claimants' termination.

Relief:

1. Respondent's shall permanently amend the Claimants' U-5s as follows: Mr. Gellott's reason for termination shall be "False reporting of business contacts" and "Unsatisfactory supervisory performance". Ms. Botts' reason for termination shall be "False reporting of business contacts". No "internal review" will be shown.
2. Mr. Gellott shall reimburse Corporate Network Brokerage Services, Inc. \$97.46 (60% of dinner cost on August 26, 1999 in Cleveland).
3. Mr. Gellott shall send to Corporate Network Brokerage Services, Inc. the two football helmets (Falcons and Bills) that are still in their boxes.
4. Respondent Corporate Network Brokerage Services, Inc. shall be and hereby is liable for and shall pay to Claimant Jamie S. Botts the sum of \$20,000 (**Twenty Thousand Dollars**).

5. Respondent Corporate Network Brokerage Services, Inc. shall be and hereby is liable for and shall pay to Claimant Philip S. Gellott the sum of \$5,000 (**Five Thousand Dollars**).
6. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
7. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

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	= \$250.00
Counter claim filing fee	= \$750.00

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 Corporate Network Brokerage Services, Inc.

Member surcharge	= \$1,200.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,000.00

Forum Fees and Assessments

The Arbitration Panel assesses 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) Injunctive Relief hearing sessions with a single arbitrator x \$450.00	= \$900.00
Injunctive Relief hearing sessions February 16, 2000 2 sessions	
One (1) Pre-hearing session(s) with a single arbitrator x \$450.00	= \$450.00
Pre-hearing conference(s): August 1, 2000 1 session	

One (1) Pre-hearing session(s) with Panel x \$1,000.00 = \$1,000.00

Pre-hearing conference(s): May 4, 2000 1 session

Eight (8) Hearing sessions x \$1,000.00 = \$8,000.00

Hearing Date(s): September 18, 2000 2 sessions

September 19, 2000 2 sessions

September 20, 2000 2 sessions

September 27, 2000 2 sessions

Total Forum Fees = \$10,350.00

The Arbitration Panel has assessed \$2,587.50 of the forum fees to Philip S. Gellott.

The Arbitration Panel has assessed \$7,762.50 of the forum fees to Corporate Network Brokerage Services, Inc.

Fee Summary

Claimants, Jamie S. Botts and Philip S. Gellott, shall be and hereby is liable for:

Initial Filing Fee = \$ 250.00

Injunctive Relief Fee = \$2,500.00

Forum Fees = \$ 0.00

Total Fees = \$2,750.00

Less payments = \$3,750.00

Balance to be applied to fees below. = \$1,000.00

Claimant, Philip S. Gellott, shall be and hereby is liable for:

Forum Fees = \$2,587.50

Total Fees = \$2,587.50

Less payments = \$1,000.00

Balance Due NASD Dispute Resolution, Inc. = \$1,587.50

Respondent, Corporate Network Brokerage Services, Inc., shall be and hereby is liable for:

Counterclaim Filing Fee = \$ 750.00

Member Fees = \$ 3,800.00

Forum Fees = \$ 7,762.50

Total Fees = \$12,312.50

Less payments = \$ 2,400.00

Balance Due NASD Dispute Resolution, Inc. = \$ 9,912.50

NASD Dispute Resolution, Inc.

Arbitration No. 00-00584

Award Page 6 of 6

All balances are due to NASD Dispute Resolution, Inc.

Dated:

/s/ Michael William Gear

Michael William Gear

Public Arbitrator, Presiding Chair

November 7, 2000

/s/ Barry D. Estell

Barry D. Estell, Esq.

Industry Arbitrator

November 9, 2000

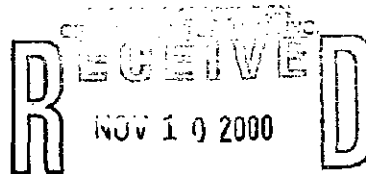
Concurring in part and dissenting with the amounts awarded in items 4 and 5 above.

/s/ Robert D. Garrett

Robert D. Garrett, Esq.

Public Arbitrator

November 6, 2000



NASD Dispute Resolution, Inc.
Arbitration No. 00-00584
Award Page 6 of 6

Respondent, Corporate Network Brokerage Services, Inc., shall be and hereby is liable for:

Counterclaim Filing Fee	= \$ 750.00
Member Fees	= \$ 3,800.00
<u>Forum Fees</u>	<u>= \$ 7,762.50</u>
Total Fees	= \$12,312.50
<u>Less payments</u>	<u>= \$ 2,400.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 9,912.50

All balances are due to NASD Dispute Resolution, Inc.

Dated:

Michael William Gear

11/7/00

Michael William Gear
Public Arbitrator, Presiding Chair

Barry D. Estell, Esq.
Industry Arbitrator

Concurring in part and dissenting with the amounts awarded in items 4 and 5 above.

Robert D. Garrett, Esq.
Public Arbitrator

NASD Dispute Resolution, Inc.
Arbitration No. 00-00584
Award Page 6 of 6

Balance Due NASD Dispute Resolution, Inc.


= \$ 9,912.50

All balances are due to NASD Dispute Resolution, Inc.

Dated:

Michael William Gear
Public Arbitrator, Presiding Chair


Barry D. Estoll, Esq.
Industry Arbitrator



Concurring in part and dissenting with the amounts awarded in items 4 and 5 above.

Robert D. Garrett, Esq.
Public Arbitrator

NASD Dispute Resolution, Inc.
Arbitration No. 00-00584
Award Page 6 of 6

Balance Due NASD Dispute Resolution, Inc.

= \$ 9,912.50

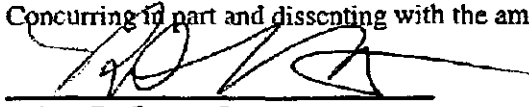
All balances are due to NASD Dispute Resolution, Inc.

Dated:

Michael William Gear
Public Arbitrator, Presiding Chair

Barry D. Estell, Esq.
Industry Arbitrator

Concurring in part and dissenting with the amounts awarded in items 4 and 5 above.



Robert D. Garrett, Esq.
Public Arbitrator

6 Nov 00