

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 00-00824

Rose M. Nowiki
Lucille Baker

Names of the Respondents

Hearing Site: Boca Raton, Florida

Aragon Financial Services, Inc.
Michael C. Clark

REPRESENTATION OF PARTIES

For Rose M. Nowiki ("Nowiki") and Lucille Baker ("Baker"), hereinafter collectively referred to as "Claimants": Howard N. Kahn, Esq., Cohen & Kahn, P.A., Hollywood, Florida.
For Respondent Aragon Financial Services, Inc. ("Aragon Financial"): Reza Bidgoli, Esq., Aragon Financial, Irvine, California.
Respondent Michael Clark ("Clark") appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: February 22, 2000.
Claimants signed the Uniform Submission Agreement on: February 22, 2000.
Statement of Answer filed by Respondent Aragon Financial on or about: August 4, 2000.
Respondent Aragon Financial's Uniform Submission Agreement signed on: April 26, 2000, by Doug L. Lish, President, on behalf of the firm.
Statement of Answer filed by Respondent Clark on or about: July 13, 2000.
Respondent Clark did not file an executed Uniform Submission Agreement.
Claimants' letter amending amount of Claim filed: July 18, 2001.

CASE SUMMARY

Claimant asserted the causes of action of breach of fiduciary duty and negligence in connection with the alleged unsuitable purchases of Viatical Settlement Contracts in their accounts at Aragon Financial.

Unless specifically admitted in its Answer, Respondent Aragon Financial denied the allegations of wrongdoing contained in the Statement of Claim and asserted the following affirmative defenses: Claimants' Statement of Claim fails to state a claim upon which relief can be granted and fails to comply with Rule 10314(a) of the NASD Code of Arbitration Procedure (the "Code") in that it fails to assert relevant facts to support the remedies sought; Claimants' failure to make any written objections to the transactions at issue constitute a ratification of all such trades; Claimants' failure to timely object to the transactions at issue is deemed to be a waiver and estoppel of their right to recover; all of the transactions were executed with Claimants' knowledge, approval, and express authorization; Claimants failed to promptly mitigate their damages; Claimants are barred from recovering their alleged

damages by their contributory negligence; Claimants' voluntary assumption of risk was the sole and proximate cause of their alleged damages; any decline in the value of Claimants' investments was due to the marketplace or third parties and not by the acts of Aragon Financial or its agents; Respondent Aragon Financial has at all material times hereto acted in good faith and has not directly or indirectly induced any of the improper acts alleged in the Statement of Claim; at all times relevant, Respondent Aragon Financial maintained a system of supervision which was reasonably implemented so as to provide reasonable assurance that the laws, rules and regulations promulgated by the government and governing self-regulatory organizations were complied with; and, Claimants' claims are barred by all applicable statutes of limitations and Rule 10304 of the Code.

Unless specifically admitted in his Statement of Answer, Respondent Clark denied all allegations of wrongdoing contained in the Statement of Claim and maintained that he acted professionally and prudently with respect to the handling of Claimants' accounts and always had Claimants' best interests in mind.

RELIEF REQUESTED

Claimants Nowiki and Baker requested compensatory damages in the amounts of \$145,000.00 and \$32,000.00, respectively, plus punitive damages, costs, interest and such other relief deemed proper by the Panel.

Respondent Aragon Financial requested that the Statement of Claim be dismissed, with prejudice, that it be awarded its costs, legal fees incurred in defending this action, and that the Panel award it all other necessary and equitable relief deemed appropriate.

Respondent Clark requested a dismissal of all claims against him.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Aragon Financial did not attend the evidentiary hearing. Upon review of the file and the representations made on behalf of the Claimants, the undersigned arbitrators determined that Respondent Aragon Financial has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without Respondent Aragon Financial present, in accordance with Rule 10318 of the Code.

Respondent Clark did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

AWARD

After considering the pleadings, 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 Aragon Financial is found liable with respect to the claims of breach of fiduciary duty and negligence and shall pay to Claimant Nowiki the sum of \$54,000.00.
2. Respondent Aragon Financial is found liable with respect to the claims of breach of fiduciary duty and negligence and shall pay to Claimant Baker the sum of \$13,000.00.
3. Respondent Clark is found liable with respect to the claims of breach of fiduciary duty and negligence and shall pay to Claimant Nowiki the sum of \$1,000.00.
4. Respondent Clark is found liable with respect to the claims of breach of fiduciary duty and negligence and shall pay to Claimant Baker the sum of \$1,000.00.
5. Respondent Aragon Financial is found liable and shall pay to Claimants the sum of \$150.00, representing reimbursement of the claim filing fee previously paid by Claimants to the NASD.
6. Any and all requests for relief not specifically addressed herein, including Claimants' request for punitive damages, are denied.

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	= \$ 150.00
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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, Aragon Financial is a party.

Member surcharge	= \$ 600.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

Hearing Dates: December 17 and 18, 2001

Adjournment requested by Respondent Aragon Financial	= \$ 450.00
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Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

No injunctive relief fees were incurred during these proceedings.

Forum Fees and Assessments

The Panel has assessed forum 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:

One (1) Pre-hearing session with a single arbitrator @ \$450.00 = \$ 450.00
Pre-hearing conference date: November 17, 2000 1 session

Two (2) Pre-hearing sessions with the Panel @ \$1,125.00 = \$2,250.00
Pre-hearing conference dates: September 11, 2001 1 session
February 26, 2002 1 session

(An additional Pre-hearing session was conducted on February 22, 2002. The fee for this session was waived by the Panel).

Two (2) Hearing sessions @ \$1,125.00 = \$2,250.00
Hearing date: May 20, 2002 2 sessions

Total Forum Fees = \$4,950.00

The Panel has assessed the total forum fees of \$4,950.00 to Respondent Aragon.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative fees were incurred during these proceedings.

Fee Summary

Claimants Nowiki and Baker are jointly and severally liable for:

Claim Filing Fee	= \$ 150.00
Total Fees	= \$ 150.00
Less Payments	= \$ 150.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

Respondent Aragon Financial is solely liable for:

Member Fees	= \$ 3,700.00
Adjournment Fee	= \$ 450.00
Forum Fees	= \$ 4,950.00
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Total Fees	= \$ 9,100.00
Less payments	= \$ 4,825.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 4,275.00

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

ARBITRATION PANEL

Jennifer Gwyn Klein	-	Public/Presiding Chairperson
Manuel A. Hofferma	-	Public/Panelist
Carl J. Hegner	-	Non-Public/Panelist

Concurring Arbitrators' Signatures

_____/s/_____
Jennifer Gwyn Klein
Public Arbitrator, Presiding Chairperson

Signature Date

_____/s/_____
Manuel A. Hofferma
Public Arbitrator

Signature Date

_____/s/_____
Carl J. Hegner
Non-Public Arbitrator

Signature Date

June 19, 2002

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

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Public Arbitrator, Presiding Chairperson

Signature Date

Manuel A. Hoffermau
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Signature Date

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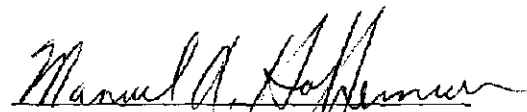
ARBITRATION PANEL

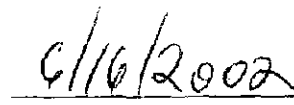
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Jennifer Gwyn Klein
Public Arbitrator, Presiding Chairperson

Signature Date


Manuel A. Hofferma
Public Arbitrator


Signature Date

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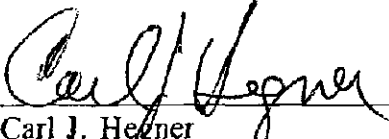
Concurring Arbitrators' Signatures

Jennifer Gwyn Klein
Public Arbitrator, Presiding Chairperson

Signature Date

Manuel A. Hofferma
Public Arbitrator

Signature Date



Carl J. Hegner
Non-Public Arbitrator

6-18-02

Signature Date

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