

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

John E. Storheim, Jr.

and

00-03682

Phoenix, Arizona

Name of Respondent

Scottsdale Securities, Inc.

REPRESENTATION OF PARTIES

John E. Storheim, Jr. ("**Claimant**") was represented by John J. Miller, Esq., Law Offices of John J. Miller, P.C., Kansas City, Missouri, and Tracy Pride Stoneman, Esq., Tracy Pride Stoneman, P.C., Westcliffe, Colorado.

Scottsdale Securities, Inc. ("**Respondent**") was represented by Sherri Strand, Esq., Thomas E. Douglas, Esq. and Steven M. Sherman, Esq., Thompson Coburn LLP, St. Louis, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about August 23, 2000. Claimant's Opposition to Respondent's Motion to Dismiss was filed on or about November 6, 2000. Claimant's Reply in Opposition to Respondent's Motion to Dismiss was filed on or about February 5, 2001. Submission Agreement of Claimant John E. Storheim, Jr. was signed on July 20, 2000.

Motion to Dismiss Statement of Claim and Answer to Statement of Claim was filed by Respondent Scottsdale Securities, Inc. on or about October 23, 2000. Reply to Claimant's Opposition to Motion to Dismiss Statement of Claim was filed on or about November 29, 2000. Reply in Support of Motion to Dismiss Statement of Claim was filed on or about February 14, 2001. Submission Agreement of Respondent Scottsdale Securities, Inc. was signed on October 18, 2000 by Mark Finnegan.

CASE SUMMARY

Claimant submitted the following summary of the case:

In his Statement of Claim, Claimant alleged that Respondent violated the Federal and State Securities Laws; committed fraud and concealment; was negligent; and breached its contract.

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In its Response to the Statement of Claim, Respondent generally denied the allegations in the Claim. Furthermore, Respondent asserted the following affirmative defenses: Claimant's Statement of Claim should be dismissed because it fails to state a claim; Claimant's Statement of Claim should be dismissed pursuant to the equitable doctrine of laches; any losses allegedly suffered were caused by Claimant's own decision and were not caused by actions of Respondent; the risk of Claimant's alleged damages and losses were expressly assumed by Claimant; Claimant is barred from any recovery by the doctrines of waiver, ratification and acquiescence; Claimant is estopped by his own conduct; Claimant failed to take reasonable steps to mitigate the alleged damages or losses suffered; and Claimant failed to exercise reasonable or ordinary care, caution or prudence and is barred from obtaining any award because of Claimant's negligence or fault contributed.

RELIEF REQUESTED

In his Statement of Claim, Claimant requested damages equal to the difference between the April 17 NPRO sale/liquidation price of \$3.00 and the July 10, 2000 market closing price of \$8.43, multiplied by the 12,000 shares sold, for actual damages of \$65,160; for punitive or treble damages in an amount the Panel sees fit; reasonable attorneys' fees; pre-judgment and post-judgment interest at the maximum rate allowed by law; costs and expenses of pursuing this arbitration, including any expert witness fees; and additional recovery to offset his tax liability.

In its Answer, Respondent requested that Claimant's State of Claim be dismissed; that it be awarded its costs, including reasonable attorney's fees; and for such other relief the arbitrators deemed just and proper.

OTHER ISSUES CONSIDERED & DECIDED

By Order dated May 1, 2001, the parties were advised of the Arbitration Panel's decision to deny the Motion to Dismiss.

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, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

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1. The panel finds in favor of Respondent Scottsdale Securities, Inc. and against Claimant John E. Storheim, Jr.
2. 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.
3. 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 = \$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 Scottsdale Securities, Inc.

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

Adjournment Fees

Adjournments requested during these proceedings:

September 12 and 13, 2001 Hearing Dates, adjournment requested by the parties jointly due to September 11, 2001 attacks in New York, New York and Washington, D.C. The Arbitration Panel waived the postponement fees.

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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:

One (1) Pre-hearing session with a single arbitrator x \$450.00	= \$ 450.00
Pre-hearing conference: April 5, 2001 1 session	
One (1) Pre-hearing session with Panel x \$750.00	= \$ 750.00
Pre-hearing conference: May 1, 2001 1 session	
Two (2) Hearing sessions x \$750.00	= \$1,500.00
Hearing Date(s): <u>December 4, 2001</u> <u>2 sessions</u>	
Total Forum Fees	= \$2,700.00

The Arbitration Panel has assessed \$1,350.00 of the forum fees to John E. Storheim, Jr.

The Arbitration Panel has assessed \$1,350.00 of the forum fees to Scottsdale Securities, Inc.

Fee Summary

Claimant, John E. Storheim, Jr., shall be and hereby is liable for:

Initial Filing Fee	= \$ 225.00
<u>Forum Fees</u>	= <u>\$1,350.00</u>
Total Fees	= \$1,575.00
<u>Less payments</u>	= <u>\$ 975.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 600.00

Respondent, Scottsdale Securities, Inc., shall be and hereby is liable for:

Member Fees	= \$3,100.00
<u>Forum Fees</u>	= <u>\$1,350.00</u>
Total Fees	= \$4,450.00
<u>Less payments</u>	= <u>\$1,600.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$2,850.00

All balances are due to NASD Dispute Resolution, Inc.

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ARBITRATION PANEL

Joel A. Gildar - Public Arbitrator, Presiding Chair
Daniel J. Danvir - Public Arbitrator
Barbara Mark Dreyfuss - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Joel A. Gildar
Joel A. Gildar
Public Arbitrator, Presiding Chair

December 5, 2001
Signature Date

/s/ Daniel J. Danvir
Daniel J. Danvir
Public Arbitrator

December 5, 2001
Signature Date

/s/ Barbara Mark Dreyfuss
Barbara Mark Dreyfuss
Non-Public Arbitrator

December 6, 2001
Signature Date

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Joel A. Gildar - Public Arbitrator, Presiding Chair
Daniel J. Danvir - Public Arbitrator
Barbara Mark Dreyfuss - Non-Public Arbitrator

Concurring Arbitrators:


Joel A. Gildar
Public Arbitrator, Presiding Chair

12/5/01
Signature Date

Daniel J. Danvir
Public Arbitrator

Signature Date

Barbara Mark Dreyfuss
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
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Public Arbitrator, Presiding Chair

Daniel J. Danvir
Daniel J. Danvir
Public Arbitrator

Signature Date

12/05/01
Signature Date

Barbara Mark Dreyfuss
Non-Public Arbitrator

Signature Date

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NASD Dispute Resolution, Inc.
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Daniel J. Danvir - Public Arbitrator
Barbara Mark Dreyfuss - Non-Public Arbitrator

Concurring Arbitrators:

Joel A. Gilder
Public Arbitrator, Presiding Chair

Signature Date

Daniel J. Danvir
Public Arbitrator

Signature Date



Barbara Mark Dreyfuss
Non-Public Arbitrator

12-06-01

Signature Date