

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

James A. Hanson

and

00-03961
Minneapolis, Minnesota

Name of Respondent

Scottsdale Securities, Inc.

REPRESENTATION OF PARTIES

James A. Hanson ("**Claimant**") was represented by Geoffrey P. Jarpe, Esq., Maslon Edelman Borman & Brand LLP, Minneapolis, Minnesota.

Scottsdale Securities, Inc. ("**Respondent**") was represented by Steven M. Sherman, Esq., Thompson Coburn LLP, St. Louis, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about September 11, 2000. Claimant James A. Hanson's Response to the Motion to Dismiss was filed on or about January 8, 2001. Claimant James A. Hanson's Motion to Amend Statement of Claim was filed on or about February 22, 2001. Amended Statement of Claim was filed on or about February 22, 2001. Submission Agreement of Claimant James A. Hanson was signed on August 21, 2000.

Motion to Dismiss Statement of Claim and Alternative Answer to Statement of Claim was filed by Respondent Scottsdale Securities, Inc. on or about December 19, 2000. Respondent's Reply in Support of its Motion to Dismiss was filed on or about February 15, 2001. Submission Agreement of Respondent Scottsdale Securities, Inc. was signed on November 20, 2000 by Mark Finnegan.

CASE SUMMARY

Claimant alleged that Respondent failed to honor the contract between the parties, which operated as a fraud against him. Specifically, Claimant alleged that Respondent partially liquidated his position in Tricord Systems, Inc. inappropriately. Claimant alleged that upon learning of the margin maintenance call in his account, he deposited funds and transferred additional shares of stock into his account. It was alleged that Respondent failed to properly credit his account resulting in the inappropriate liquidation.

Respondent stated that pursuant to the terms of the margin agreement, it:

“...was allowed to (and perhaps required to) liquidate Hanson’s security positions when Hanson failed to maintain his account at the equity requirements set by the Brokerage Account Agreement between Hanson and Scottsdale and by the exchange rules governing Scottsdale.”

RELIEF REQUESTED

Claimant requested an award requiring the delivery of the 40,000 shares of Tricord Systems, Inc. common stock, less the \$5.79 per share sale proceeds realized on April 4, 2000 or reasonable damages. In addition, Claimant requested punitive damages, attorneys’ fees, other costs and expenses, and such other or further relief as the arbitration panel finds just, proper, and equitable.

Respondent requested that the Statement of Claim be dismissed and that it be awarded its costs herein expended, including but not limited to, reasonable attorneys’ fees, and for such other and further relief as the arbitrators deem just and proper.

OTHER ISSUES CONSIDERED & DECIDED

By letter dated June 1, 2001, the parties were advise of the Arbitration Panel’s decision on the Motion to Dismiss as follows:

On May 23, 2001, the panel heard argument on respondent’s motion to dismiss. Based on such argument and the memorandum of the parties, the panel, with all three members concurring, has concluded that the issues raised by respondent’s motion are subject to factual issues which cannot be determined on the pleadings. Accordingly, the respondent’s motion is denied.

Petitioner’s motion to amend his statement of claim to add, at the end of paragraph 15 and 18, the phrase”, or reasonable damages” is granted.

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:

1. Respondent Scottsdale Securities, Inc. shall be and hereby is liable for and shall pay to Claimant James A. Hanson the sum of \$57,000.00 (**Fifty Seven Thousand Dollars**) as compensatory damages.
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	= \$250.00
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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. In this matter, the member firm is Scottsdale Securities, 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) Pre-hearing session(s) with Panel x \$1,000.00	= \$2,000.00
Pre-hearing conference(s): May 8, 2001 1 session	
May 23, 2001 1 session	
Three (3) Hearing sessions x \$1,000.00	= \$3,000.00
Hearing Date(s): August 27, 2001 2 sessions	
<u>August 28, 2001 1 session</u>	
Total Forum Fees	= \$5,000.00

The Arbitration Panel has assessed \$5,000.00 of the forum fees to Scottsdale Securities, Inc.

Fee Summary

Claimant, James A. Hanson, shall be and hereby is liable for:

Initial Filing Fee	= \$ 250.00
<u>Forum Fees</u>	= \$ 0.00
Total Fees	= \$ 250.00
<u>Less payments</u>	= \$1,250.00
Balance to be refunded by NASD Dispute Resolution, Inc.	= \$1,000.00

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

Member Fees	= \$3,800.00
<u>Forum Fees</u>	= \$5,000.00
Total Fees	= \$8,800.00
<u>Less payments</u>	= \$3,800.00
Balance Due NASD Dispute Resolution, Inc.	= \$5,000.00

All balances are due to NASD Dispute Resolution, Inc.

NASD Dispute Resolution, Inc.

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ARBITRATION PANEL

Richard B. Solum, Esq. – Public Arbitrator, Presiding Chair

Kevin D. Hofman, Esq. - Public Arbitrator

Robert L. Schnell, Jr., Esq. - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Richard B. Solum

Richard B. Solum, Esq.

Public Arbitrator, Presiding Chair

September 19, 2001

Signature Date

/s/ Kevin D. Hofman

Kevin D. Hofman, Esq.

Public Arbitrator

September 14, 2001

Signature Date

/s/ Robert L. Schnell

Robert L. Schnell, Jr., Esq.

Non-Public Arbitrator

September 27, 2001

Signature Date

NASD Dispute Resolution, Inc.
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Richard B. Solum, Esq. - Public Arbitrator, Presiding Chair
Kevin D. Hofman, Esq. - Public Arbitrator
Robert L. Schnell, Jr., Esq. - Non-Public Arbitrator

Concurring Arbitrators:

Richard B. Solum

Richard B. Solum, Esq.
Public Arbitrator, Presiding Chair

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10/19/01
Signature Date

Kevin D. Hofman, Esq.
Public Arbitrator

Signature Date

Robert L. Schnell, Jr., Esq.
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 00-03961
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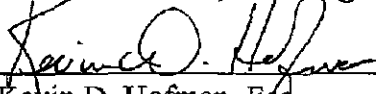
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ARBITRATION PANEL

Richard B. Solum, Esq. -- Public Arbitrator, Presiding Chair
Kevin D. Hofman, Esq. - Public Arbitrator
Robert L. Schnell, Jr., Esq. - Non-Public Arbitrator

Concurring Arbitrators:

Richard B. Solum, Esq.
Public Arbitrator, Presiding Chair


Kevin D. Hofman, Esq.
Public Arbitrator

Signature Date

9-14-01

Signature Date

Robert L. Schnell, Jr., Esq.
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 00-03961
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ARBITRATION PANEL

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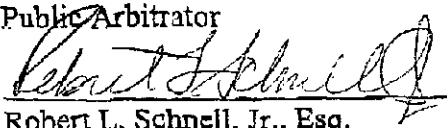
Concurring Arbitrators:

Richard B. Solum, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Kevin D. Hofman, Esq.
Public Arbitrator

Signature Date



Robert L. Schnell, Jr., Esq.
Non-Public Arbitrator

9/27/01

Signature Date