

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Adel Kellel and Kellel Family Trust, (Claimants) vs. Bear, Stearns Securities Corp,
Pinnacle Asset Management, Inc. and John J. Katsock, Jr. (Respondents)

Case Number: 00-04408

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants Adel Kellel ("A. Kellel") and Kellel Family Trust ("K. Trust"), hereinafter collectively referred to as "Claimants": Stephen R. Bosin, Esq., Peckar & Abramson, New York, NY.

Respondent Bear, Stearns Securities Corp. ("Bear Stearns"), hereinafter referred to as "Bear Stearns": Ruth C. Haber, Esq., Fischbein Badillo Wagner Harding, New York, NY.

Respondent Pinnacle Asset Management, Inc. ("Pinnacle"), hereinafter referred to as "Pinnacle": Marc Weisman, in-house counsel, Fairless Hills, PA.

Respondent John J. Katsock, Jr. ("Katsock"), hereinafter referred to as "Katsock": Martin Unger, Esq., Certilman, Balin, Adler & Hyman, LLP, East Meadow, NY. Previously represented by: Elliott Adler, Esq., Stephen Bilkis & Associates, Baldwin, NY.

CASE INFORMATION

Statement of Claim filed on or about: October 2, 2000,
Claimant A. Kellel signed the Uniform Submission Agreement: October 25, 2000.
Claimant K. Trust signed the Uniform Submission Agreement: October 25, 2000.

Statement of Answer and Cross Claim filed by Respondent, Bear Stearns, on or about:
January 12, 2001.
Respondent Bear Stearns signed the Uniform Submission Agreement: November 27,
2000.

Joint Statement of Answer filed by Respondents, Pinnacle and Katsock, on or about:
January 16, 2000.
Respondents Pinnacle and Katsock signed the Uniform Submission Agreement: January

3, 2001.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; failure to supervise; suitability; churning; violations of securities law; failure to execute an order to sell; wrongful sale and conversion of financial web convertible notes; mismanagement of equity portfolio; securities fraud and breach of contract.

Claimants' claims involved various options, Financial Web.com stock, Financial Web Convertible Notes and other various securities.

Unless specifically admitted in its Answer, Respondent Bear Stearns denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in their Answers, Respondents Pinnacle and Katsock denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

In its Cross-Claim, Respondent Bear Stearns asserted the following causes of action: indemnification and contribution.

RELIEF REQUESTED

Claimants requested compensatory damages of \$1,189,937.00 composed of the following:

- a. \$474,018 from options trading losses
- b. \$188,800 from the refusal to execute an order to sell
- c. \$76,000 from securities trades
- d. \$250,000 for the breach of contract to repurchase the 9.75% FinancialWeb.Com Inc. Convertible Note Due March 2000, and
- e. return of commissions totaling \$201,119.

Claimant also requested punitive damages of \$1,000,000.00 plus costs and expenses, including reasonable attorneys' fees, interest and costs pursuant to applicable law, and for such other and further relief as the arbitrators deem just and equitable.

Respondent Bear Stearns requested an award dismissing Claimant's claims together with interest, costs and disbursements, including reasonable attorneys' fees and such other and further relief which is just and proper. Also, in its Cross-Claim, Respondent Bear Stearns requested indemnification and contribution.

Pinnacle and Katsock requested an award dismissing the Statement of Claim with prejudice; costs and expungement of Katsock's CRD record; and such other relief as the Arbitrators deem fit.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearings, after due deliberation, the panel determined to dismiss all claims against Respondent Bear Stearns. Therefore, Bear Stearns cross claims were also dismissed.

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.

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 Katsock, shall pay to Claimant Kellel compensatory damages in the amount of \$25,000.00, plus interest at the rate of 9% per annum from June 1, 2003 until the date the award is paid.
2. Respondent Katsock's request for expungement is denied.
3. Any and all relief not specifically addressed herein, including punitive damages, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 500.00
Cross claim filing fee	= \$2,000.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Bear, Stearns Securities Corp. and Pinnacle Asset Management, Inc. are parties.

Bear, Stearns Securities Corp.

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

Hearing process fee = \$4,500.00

Pinnacle Asset Management, Inc.

Pre-hearing process fee = \$ 600.00

Hearing process fee = \$4,500.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

February 25, & 26, 2003, adjournment by Claimants = \$ 1,200.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with Panel @ \$1,200.00 = \$2,400.00

Pre-hearing conference(s): May 15, 2001 1 session
April 8, 2002 1 session

Ten (10) Hearing sessions with Panel @ \$1,200.00 = \$12,000.00

Hearing Dates: November 5, 2002 2 sessions
November 19, 2002 2 sessions
November 20, 2002 2 sessions
April 29, 2003 2 sessions
April 30, 2003 2 sessions

Total Forum Fees = \$14,400.00

1. The Panel has assessed \$7,200.00 of the forum fees against Kellel.
2. The Panel has assessed \$7,200.00 of the forum fees against Katsock.

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.

1. Katsock requested copies of tapes = \$105.00

Fee Summary

1. Claimant, Kellel, is solely liable for:
Initial Filing Fee = \$ 500.00

Adjournment Fee	= \$ 1,200.00
<u>Forum Fees</u>	= \$ 7,200.00
<u>Total Fees</u>	= \$ 8,900.00
<u>Less payments</u>	= \$ 2,900.00
Balance Due NASD Dispute Resolution	= \$ 6,000.00

2. Respondent Bear Stearns is solely liable for:

Filing Fee	= \$ 2,000.00
<u>Member Fees</u>	= \$ 7,600.00
<u>Total Fees</u>	= \$ 9,600.00
<u>Less payments</u>	= \$10,800.00
Refund due Bear Stearns	= \$ 1,200.00

3. Respondent Pinnacle is solely liable for:

<u>Member Fees</u>	= \$ 5,100.00
<u>Total Fees</u>	= \$ 5,100.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 5,100.00

4. Respondent, Katsock, is solely liable for:

Administrative Fees	= \$ 105.00
<u>Forum Fees</u>	= \$ 7,200.00
<u>Total Fees</u>	= \$ 7,305.00
<u>Less payments</u>	= \$ 105.00
Balance Due NASD Dispute Resolution	= \$7,200.00


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

ARBITRATION PANEL

James T. Meyer, Esq.	-	Public Arbitrator, Presiding Chair
Lotte Fields	-	Public Arbitrator
Dean E. Kois	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument is which is my award.



James T. Meyer, Esq.
Public Arbitrator, Presiding Chairperson

5/27/03

Signature Date

Lotte Fields
Public Arbitrator

Signature Date

Dean E. Kois
Non-Public Arbitrator

Signature Date

June 11, 2003

Date of Service (For NASD Dispute Resolution use only)

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Public Arbitrator, Presiding Chairperson

Signature Date

Lotte Fields
Public Arbitrator

Signature Date



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Non-Public Arbitrator



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