

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

West America Securities Corp., (Claimant) vs. Direct Funding, Inc. and Steven Rosenfeld,
(Respondents)

Case Number: 00-04978

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, West America Securities Corp., hereinafter referred to as "Claimant": James A. Bush, Esq., Law Offices of James Bush, P.C., Carlsbad, CA.

Respondents, Direct Funding, Inc. ("Direct") and Steven Rosenfeld ("Rosenfeld"), hereinafter collectively referred to as "Respondents": Leonard Eli Bronner, Esq., a sole practitioner, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: November 8, 2000.

Claimant signed the Uniform Submission Agreement: November 1, 2000.

Direct did not file a Statement of Answer or sign a Uniform Submission Agreement.

Rosenfeld did not file a Statement of Answer or sign a Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract; fraud; failure to pay for securities; misrepresentations; and intentional issuance of checks written on accounts with insufficient funds. Claimant's claim involved the stock of Muse Tech, Inc.

RELIEF REQUESTED

Claimant requested:

- a. Compensatory damages in the amount of \$45,177.06;
- b. Costs and attorneys' fees;
- c. Pre-award interest (from December 16, 1999) and post-award interest, at the highest rate allowed by law; and
- d. Such other relief as the Panel deems just.

OTHER ISSUES CONSIDERED AND DECIDED

On June 27, 2001, the Panel granted Respondents' adjournment request. In addition, the Panel granted Respondents' request to file a motion to submit an untimely answer. On July 19, 2001, Respondents requested additional time to file said motion. Claimant filed an objection to the request for an extension on July 25, 2001. After due consideration, the Panel granted Respondents' request for additional time.

On August 9, 2001, Respondents made a motion to file an untimely Answer, Counterclaim, and Third-Party Claim. Claimant filed an objection to said motion on August 24, 2001. After due consideration, the Panel denied Respondents' motion.

During the hearing in this matter, Respondents renewed their motion to file an untimely Answer, Counterclaim, and Third-Party Claim. Said motion was again denied by the Panel.

During the hearing, Respondents challenged the constitution of the Panel in this matter. The Panel denied Respondents' challenge as Respondents' counsel had previously consented to the Panel's constitution during a telephonic pre-hearing conference.

Claimant requested language in the Award concerning a finding of fraud. After due deliberation, the Panel opined insufficient evidence to establish fraud.

Direct and Rosenfeld did not file with NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure and, having appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

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, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents be and hereby are jointly and severally liable for and shall pay to Claimant the sum of \$45,177.06 as compensatory damages, plus interest at the rate of 6% accruing from December 16, 1999 until paid. The Panel found joint and several liability pursuant to Cal. Civ. Code Sections 1719(a)(1) and (a)(6), as argued in Claimant's Statement of Claim and Memorandum in Lieu of Oral Closing Argument.

2. Each party shall pay its own attorneys' fees.
3. Respondents be and hereby are jointly and severally liable for and shall pay to Claimant the sum of \$1,000.00, to reimburse Claimant for the filing fee previously paid to NASD Dispute Resolution, Inc.
4. All other requests for relief are hereby 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	= \$1,000.00
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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 that employed the associated person at the time of the events giving rise to the dispute. In this matter, West America Securities Corp. is a party.

Member surcharge	= \$ 800.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,000.00

Adjournment Fees

Adjournments requested during these proceedings:

June 27, 2001, adjournment by Respondents	= \$ 600.00
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Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing 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 x \$600.00	= \$1,200.00
Pre-hearing conferences: May 25, 2001	1 session
August 27, 2001	1 session

Two (2) Hearing sessions x \$600.00		= \$1,200.00
Hearing Dates:	June 27, 2001	1 session
	November 14, 2001	1 session
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Total Forum Fees		= \$2,400.00

The Panel has assessed all of the forum fees jointly and severally against Respondents.

Fee Summary

1. Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$1,000.00
Member Fees	= \$2,400.00
<hr/> Total Fees	= \$3,400.00
Less payments	= \$4,000.00
<hr/> Refund Due Claimant	= \$ 600.00

As stated in the "Award" section above, Respondents are jointly and severally liable for and shall reimburse Claimant for the \$1,000.00 filing fee.

2. Respondents be and hereby are jointly and severally liable for:

Adjournment Fee	= \$ 600.00
Forum Fees	= \$2,400.00
<hr/> Total Fees	= \$3,000.00
Less payments	= \$ 0.00
<hr/> Balance Due NASD Dispute Resolution, Inc.	= \$3,000.00

All balances are due and payable to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Michelle Jacobowitz Gallagher, Esq.	-	Public Arbitrator, Presiding Chair
Philip C. Loomis, CFA	-	Public Arbitrator
William A. Despo, Esq.	-	Industry 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 which is my award.

Michelle Jacobowitz Gallagher
Michelle Jacobowitz Gallagher, Esq.
Public Arbitrator, Presiding Chair

2/2/02
Signature Date

Philip C. Loomis, CFA
Public Arbitrator

Signature Date

William A. Despo, Esq.
Industry Arbitrator

Signature Date

February 6, 2002

Date of Service (For NASD office use only)

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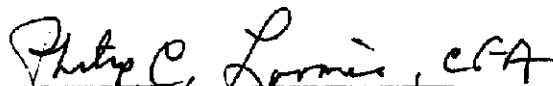
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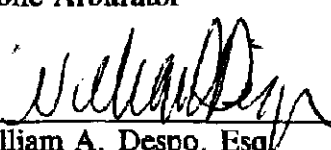
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Signature Date

Philip C. Loomis, CFA
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William A. Despo, Esq.
Industry Arbitrator

02/01/02

Signature Date

February 6, 2002

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