

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Michael Zwickl

V.

00-04982

Denver, Colorado

Respondents

Schneider Securities, Inc.
and Louis C. Alonzi

REPRESENTATION OF PARTIES

Michael Zwickl ("**Claimant**") was represented by Mark J. Appleton, Esq., of Robinson Waters O'Dorisio, Denver, Colorado.

Schneider Securities, Inc. ("**Schneider**") and Louis C. Alonzi ("**Alonzi**") were represented by Russell K. Bean, Esq., of Kyrs Boyle Freedman Graham Sawyer, Denver, Colorado.

CASE INFORMATION

The Statement of Claim was filed on or about November 7, 2000. Submission Agreement of Claimant Michael Zwickl was signed on November 7, 2000.

A Joint Statement of Answer was filed by Respondents Schneider Securities, Inc., and Louis C. Alonzi on or about January 19, 2001. Submission Agreement of Respondent Schneider Securities, Inc., was signed on January 18, 2001 by Thomas W. Schneider, CEO, Schneider Securities. Submission Agreement of Respondent Louis Alonzi was signed on January 18, 2001.

CASE SUMMARY

Claimant asserted the following causes of action: suitability, negligence, breach of fiduciary duty, misrepresentations, omissions, federal securities law claim under section 10(b) of the Securities Exchange Act, state securities law violations, including misrepresentations and omissions, violations of the Consumer Protection Act, respondeat superior liability, agency liability, and failure to supervise. The causes of action relate to Respondent Alonzi alleged unsuitable investment recommendations in an index option account. Claimant further alleged that Respondent Alonzi misrepresented his levels of skills, training, experience, and expertise in the area of index options, and such options were in stark contrast to Claimant's investment objectives.

Respondents Schneider Securities, Inc. and Louis C. Alozi denied the allegations made in the Statement of Claim and asserted some of the following defenses: Claimant was at all times made aware of each and every transaction in his account and never objected to the activity that was taking place; Claimant is therefore barred from recovery by virtue of, among others, the affirmative defense of laches; Claimant's failure to timely object to the transactions is deemed to be a ratification, waiver and estoppel of Claimant's right to recovery; Claimant failed to properly mitigate his damages and therefore is barred from recovering such damages; the damages allegedly suffered by the Claimant, if any, were caused by unforeseeable market factors and conditions affecting the value of securities in Claimant's account for which Respondents are not liable or responsible; Respondent Schneider Securities had in place a supervisory system which was reasonably designed to supervise the activities of its agents, and implemented said system in a manner which would reasonably prevent the detected unlawful activities of its agents; and that Respondent Schneider Securities, at all times, acted in good faith and did not directly or indirectly induce the acts constituting any alleged violations of securities laws.

RELIEF REQUESTED

Claimant requested an award in the amount of \$720,000 in compensatory damages. In addition, Claimant had requested an award that reflected interest, costs, attorneys' fees, and any other relief the Panel deemed appropriate.

Respondents requested that the claims asserted against them be denied in its entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

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 originals remain on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, if any, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, Schneider Securities and Louis Alonzi, are liable for and shall pay to Claimant, Michael L. Zwickl, the sum of Twelve Thousand, Five Hundred Dollars, and No Cents (\$12,500.00) as compensatory damages.

2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief including punitive and/or exemplary damages, 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 will retain the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 375

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, the member firm is Schneider Securities, Inc.

Member surcharge	= \$ 2,000
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$ 3,500

Adjournment Fees

Adjournments granted during these proceedings:

1. Hearing Dates 10/16/2001 - 10/18/2001
Adjournment requested by Claimant Michael Zwickl. = \$ 1,200
2. Hearing Dates 01/09/2002 - 01/11/2002
Adjournment requested by Respondent Schneider Securities, Inc. = \$ 1,000
3. Hearing Dates 08/13/200 - 08/15/2002
Adjournment requested by Claimant Michael Zwickl. = \$ 1,000

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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator x \$450	= \$ 450
Pre-hearing conference: 08/23/2001 1 session	
Three (3) Pre-hearing sessions with Panel x \$1,200	= \$ 3,600
Pre-hearing conferences: 04/23/2001 1 session	
08/13/2002 1 session	
11/01/2002 1 session	
Four (4) Hearing sessions x \$1,200	= \$ 4,800
Hearing Date: 11/13/2002 2 sessions	
11/14/2002 2 sessions	
Total Forum Fees	= \$ 8,850

The Arbitration Panel has assessed \$ 4,425 of the forum fees to Michael Zwickl.

The Arbitration Panel has assessed \$ 4,425 of the forum fees jointly and severally to Schneider Securities, Inc., and Louis Alonzi.

Fee Summary

Claimant, Michael Zwickl is liable for:

Initial Filing Fee	= \$ 375
Adjournment Fee	= \$ 2,200
Forum Fees	= \$ 4,425
Total Fees	= \$ 7,000
Less payments	= \$ 2,325
Balance Due NASD Dispute Resolution	= \$ 4,675

Respondent, Schneider Securities, Inc. is liable for:

Member Fees	= \$ 6,100
Adjournment Fee	= \$ 1,000
Total Fees	= \$ 7,100
<u>Less payments</u>	<u>= \$ 3,600</u>
Balance Due NASD Dispute Resolution	= \$ 3,500

Respondents, Schneider Securities and Louis Alonzi are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$ 4,425</u>
Balance Due NASD Dispute Resolution	= \$ 4,425

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

John L. Worcester - Public Arbitrator, Presiding Chair
Bruce W. Brady, CPA - Public Arbitrator
James G. Calvin - Industry Arbitrator

Concurring Arbitrators:

John L. Worcester
Public Arbitrator, Presiding Chair

Signature Date

Bruce W. Brady, CPA
Public Arbitrator

Signature Date

James G. Calvin
Industry Arbitrator

Signature Date

Respondent, Schneider Securities, Inc. is liable for:

Member Fees	= \$ 6,100
Adjournment Fee	= \$ 1,000
Total Fees	= \$ 7,100
<u>Less payments</u>	<u>= \$ 3,600</u>
Balance Due NASD Dispute Resolution	= \$ 3,500

Respondents, Schneider Securities and Louis Alonzi are jointly and severally liable for:

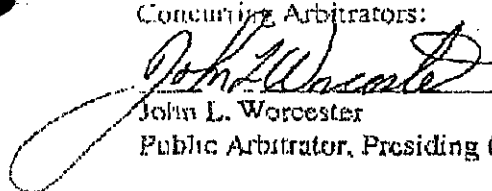
<u>Forum Fees</u>	<u>= \$ 4,425</u>
Balance Due NASD Dispute Resolution	= \$ 4,425

All balances are due to NASD Dispute Resolution

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James G. Calvin - Industry Arbitrator

Concurring Arbitrators:


John L. Worcester
Public Arbitrator, Presiding Chair

12/16/02
Signature Date

Bruce W. Brady, CPA
Public Arbitrator

Signature Date

James G. Calvin
Industry Arbitrator

Signature Date

Respondent, Schneider Securities, Inc. is liable for:

Member Fees	= \$ 6,100
Adjournment Fee	= \$ 1,000
Total Fees	= \$ 7,100
Less payments	= \$ 3,600
Balance Due NASD Dispute Resolution	= \$ 3,500

Respondents, Schneider Securities and Louis Alonzi are jointly and severally liable for:

Forum Fees	= \$ 4,425
Balance Due NASD Dispute Resolution	= \$ 4,425

All balances are due to NASD Dispute Resolution

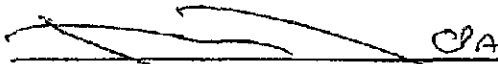
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Public Arbitrator, Presiding Chair

Signature Date



Bruce W. Brady, CPA
Public Arbitrator

12/68/02

Signature Date

James G. Calvin
Industry Arbitrator

Signature Date

Respondent, Schneider Securities, Inc. is liable for:

Member Fees	= \$ 5,100
Adjournment Fee	= \$ 1,000
Total Fees	= \$ 7,100
<u>Less payments</u>	<u>= \$ 3,600</u>
Balance Due NASD Dispute Resolution	= \$ 3,500

Respondents, Schneider Securities and Louis Alonzi are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$ 4,425</u>
Balance Due NASD Dispute Resolution	= \$ 4,425

All balances are due to NASD Dispute Resolution

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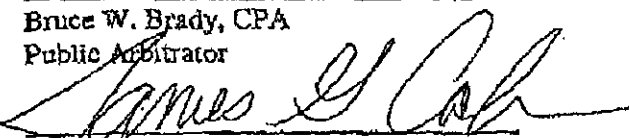
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John L. Worcester
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James G. Calvin
Industry Arbitrator

12/23/02

Signature Date