

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Claimants

Stephen N. Foos, and Priscilla M. Foos,
Immediate Medical Accounting
Group, Inc., Samuel Foos and Rowena Foos

v.

00-05024
Denver, Colorado

Respondents

First Union Securities Financial Network f/k/a
JW Genesis Financial Services, Inc. f/k/a
Corporate Securities Group, Inc.,
Marion Bass Securities Corporation,
Chadwick E. Cochran
and Thomas M. Costello

and

Counter-Claimant

Marion Bass Securities Corporation

v.

Counter-Respondents

Stephen N. Foos and Priscilla M. Foos,
Immediate Medical Accounting
Group, Inc., Samuel Foos and Rowena Foos

NATURE OF DISPUTE

Customers v. Member, Terminated Member and Associated Persons

REPRESENTATION OF PARTIES

Claimants, Stephen N. Foos, Priscilla M. Foos, and Immediate Medical Accounting Group, Inc., were represented by Richard A. Nervig, Esq., of Nervig & Hollis, Engelwood, Colorado, until a Notice of Withdrawal was filed on or about July 2, 2001. Thereafter, Claimants, Stephen N. Foos, Priscilla M. Foos and Immediate Medical Accounting Group, Inc., were represented by Daniel K. Usiak, Esq., Colorado Springs, Colorado.

Claimants, Samuel Foos and Rowena Foos, were represented by Richard A. Nervig, Esq., of Nervig & Hollis, Engelwood, Colorado.

Respondents, Marion Bass Securities Corporation ("**Marion Bass**") and Thomas M. Costello ("**Costello**"), were represented by Scott P. Hilsen, Esq., of Alston & Bird, L.L.P., Atlanta, Georgia, until a Notice of Withdrawal was filed on or about October 26, 2001. After which Respondents Bass and Costello were represented by James C. Crosby, Esq., of Cantor Arkema & Edmonds, P.C., Richmond, Virginia.

Respondent, First Union Securities Financial Network f/k/a JW Genesis Financial Services, Inc., f/k/a Corporate Securities Group, Inc. ("**First Union**"), was represented by David Von Guenten, Esq., of Treece Alfrey Musat & Bosworth, P.C., Denver, Colorado.

Respondent, Chadwick E. Cochran ("**Cochran**"), was represented by Delmer C. Gowing, III, Esq., of Delmer C. Gowing III, PA, Delray Beach, Florida.

CASE INFORMATION

The Statement of Claim was filed on or about November 3, 2000. Submission Agreements of Claimants were signed on or about October 20, 2000.

A Statement of Answer was filed jointly by Respondents, Marion Bass Costello, on or about January 22, 2001. Marion Bass, asserted a Counterclaim on or about January 22, 2001. The Submission Agreement of Marion Bass was signed on or about January 19, 2001.

A Statement of Answer was filed by First Union on or about January 26, 2001. The Submission Agreement of First Union was signed on or about January 4, 2001.

A Statement of Answer was filed by Cochran, on or about January 26, 2001. The Submission Agreement of Cochran, was signed on or about February 2, 2001.

Respondents, Bass and Costello, filed a Motion to Dismiss on or about October 12, 2001.

Claimants, Samuel Foos and Rowena Foos, filed a Response in Opposition to the Motion to Dismiss on or about October 26, 2001.

CASE SUMMARY

Claimants asserted causes of action including the following: churning, violation of Colorado blue sky laws, breach of fiduciary duty, violation of the Montana Securities Act, and fraudulent concealment. The causes of action related to Respondents' alleged improper recommendation and execution of excessive transactions, including various unspecified

stocks, in Claimants' accounts in contravention of the fiduciary duties owed by Respondents to Claimants.

Unless specifically admitted in their answer, Marion Bass and Costello, denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various defenses.

First Union denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: some or all of Claimants' claims may be barred by the applicable statutes of limitation or Section 10304 of the NASD Code of Arbitration Procedure; Claimants' claims may be limited or barred by contract; by their actions, Claimants consented to and ratified all of the investments made; Claimants were provided all information necessary to make informed choices, and if Claimants failed to become knowledgeable regarding their investments, then Claimants were negligent, and their negligence should reduce or bar the claim; and Claimants' claims are barred by the equitable doctrines of waiver, consent, estoppel and laches.

Cochran denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: the claims are barred by the doctrine of unclean hands due to the acts and omissions of Claimants relating to their investment objectives, financial status, understanding of the risks associated with the investments, and willingness to assume such risks; Claimants knew prior to opening the subject account of the type and kind of investment strategy that they would employ, and therefore any claims for damages attributable to the type and kind of investment strategy employed by Respondents, as directed and/or approved by Claimants, is barred by the doctrine of waiver, estoppel, ratification and assumption of risk; and Claimants failed to use the requisite due diligence in monitoring, managing and handling their accounts and investments.

RELIEF REQUESTED

Claimants requested an award in the amount of \$100,000 in actual damages, plus well-managed account damages, interest, costs, attorneys' fees, punitive damages and for such other amounts the Panel deemed just and equitable.

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

First Union requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

Cochran requested that the claims asserted against him be denied in their entirety and that he be awarded his costs and attorneys' fees.

In Marion Bass' Counterclaim, it requested compensatory damages of \$119,050.93 accrued interest and any other relief the panel deemed just and equitable.

OTHER ISSUES CONSIDERED & DECIDED

Respondent, Thomas M. Costello, did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and having answered the claim, is bound by the determination of the Panel on all issues submitted.

At the initial pre-hearing conference call, all parties agreed to the Panel's composition.

A notice of bankruptcy for Claimants, Stephen N. Foos and Priscilla M. Foos, and Immediate Medical Accounting Group, Inc., was filed on or about June 28, 2001.

On or about November 1, 2001, Claimants, Stephen N. Foos, Priscilla M. Foos and Immediate Medical Accounting Group, Inc., settled all claim against Respondents, First Union Securities Financial Network, Inc. and Chadwick Edward Cochran. The resolution occurred through a settlement agreement with the trustee from the bankruptcy estate.

Claimants, Samuel Foos and Rowena Foos, settled their claims against Respondents, First Union Securities Financial Network, Inc., and Chadwick Edward Cochran on November 1, 2001.

On or about March 2, 2002, Claimants, Samuel Foos and Rowena Foos, settled their claim asserted against Respondents, Marion Bass Securities Corporation and Thomas Costello. As part of the settlement agreement Claimants, Samuel Foos and Priscilla Foos, agreed to withdraw their claims with prejudice and request the issuance of a Stipulated Award for the purpose of expungement of Thomas Costello's registration records maintained by the central Registration Depository ("CRD"). In addition, Respondent, Marion Bass Securities Corporation agreed to withdraw its counterclaim with prejudice.

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 and the parties' submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrators orders as follows:

1. Claimants, Samuel Foos and Rowena Foos' claims, having been withdrawn, are hereby dismissed with prejudice in their entirety;
2. Respondent, Marion Bass Securities Corporation' Counterclaim, having been withdrawn, is hereby dismissed with prejudice in its entirety;
3. The panel recommends the expungement of all reference to the above captioned arbitration from Respondent, Thomas M. Costello's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent, Thomas M. Costello, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
4. 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; and
5. Any relief not specifically enumerated, including punitive damages and attorneys' fees, are hereby denied with prejudice.

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	= \$ 225.00
Counterclaim filing fee	= \$ 1,000.00

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 persons at the time of the events giving rise to the dispute. In this matter, the member firms are Marion Bass Securities Corporation and JW Genesis Financial Services, Inc.

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

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 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 \$ 1,125.00	= \$ 2,250.00
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Pre-hearing conferences: 04/24/2001	1 session
11/01/2001	1 session

Total Forum Fees	= \$ 2,250.00
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The Arbitration Panel has assessed \$ 2,250.00 of the forum fees jointly and severally to Samuel Foos and Rowena Foos pursuant to the terms of the Joint Motion for Entry of a Stipulated Award and Expungement.

FEE SUMMARY

Claimants, Samuel Foos and Rowena Foos, are jointly and severally liable for:

Initial Filing Fee	= \$ 225.00
Forum Fees	= \$ 2,250.00
Total Fees	= \$ 2,475.00
Less payments	= \$ 2,475.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Marion Bass Securities Corporation, is liable for:

Member Fees	= \$ 1,600.00
Counterclaim Filing Fee	= \$ 1,000.00
Total Fees	= \$ 2,600.00
Less payments	= \$ 1,600.00
Balance Due NASD Dispute Resolution	= \$ 1,000.00

Respondent, First Union Securities Financial Network f/k/a JW Genesis Financial Services, Inc., f/k/a Corporate Securities Group, Inc., is liable for:

<u>Member Fees</u>	= \$ 1,600.00
<u>Total Fees</u>	= \$ 1,600.00
<u>Less payments</u>	= \$ 1,600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

Forrest D. Smith - Non-Public Arbitrator, Presiding Chair
Joseph P. Natale - Public Arbitrator

Concurring Arbitrators:

Forrest D. Smith
Non-Public Arbitrator, Presiding Chair

Signature Date

Joseph P. Natale
Public Arbitrator

Signature Date

6/14/06
Date of Service (NASD use only)

Respondent, First Union Securities Financial Network f/k/a JW Genesis Financial Services, Inc., f/k/a Corporate Securities Group, Inc., is liable for:

Member Fees	= \$ 1,600.00
Total Fees	= \$ 1,600.00
Less payments	= \$ 1,600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

Forrest D. Smith - Non-Public Arbitrator, Presiding Chair
Joseph P. Natale - Public Arbitrator

Concurring Arbitrators:


Forrest D. Smith
Non-Public Arbitrator, Presiding Chair

5/29/06
Signature Date

Joseph P. Natale
Public Arbitrator

Signature Date

6/14/06
Date of Service (NASD use only)

Respondent, First Union Securities Financial Network f/k/a JW Genesis Financial Services, Inc., f/k/a Corporate Securities Group, Inc., is liable for:

Member Fees	= \$ 1,600.00
Total Fees	= \$ 1,600.00
Less payments	= \$ 1,600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

Forrest D. Smith - Non-Public Arbitrator, Presiding Chair
Joseph P. Natale - Public Arbitrator

Concurring Arbitrators:

Forrest D. Smith
Non-Public Arbitrator, Presiding Chair

Joseph P. Natale
Joseph P. Natale
Public Arbitrator

Signature Date

6-5-06
Signature Date

6/4/06
Date of Service (NASD use only)