

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Founders Food & Firkins Ltd.

and

00-05147
Minneapolis, Minnesota

Name of Respondent

Equity Securities Investments, Inc.

Name of Third Party Respondents

Robert Wayne Nielsen
Luverne Robert Tolzmann

REPRESENTATION OF PARTIES

Founders Food & Firkins Ltd. ("**Claimant**") was represented by Jan Stuurmans, Esq., Law Offices of Jan Stuurmans, P.A., Minneapolis, Minnesota.

Equity Securities Investments, Inc. ("**Respondent**") was represented by Anne M. Lockner, Esq., Robins Kaplan Miller & Ciresi, LLP, Minneapolis, Minnesota.

Robert Wayne Nielsen ("**Third Party Respondent Nielsen**") and Luverne Robert Tolzmann ("**Third Party Respondent Tolzmann**") were represented by Steven E. Rau, Esq., Flynn & Gaskins LLP, Minneapolis, Minnesota.

CASE INFORMATION

The Statement of Claim and Request for Hearing was filed on or about November 20, 2000. Claimant's Reply to Counterclaim was filed on or about March 5, 2001. Submission Agreement of Claimant Founders Food & Firkins Ltd. was signed on October 3, 2000 by Steven J. Wagenheim.

Respondent's Answer, Counterclaim, and Third Party Statement of Claim was filed on or about February 16, 2001. Respondent's Amended Answer, Counterclaim, and Third Party Statement of Claim was filed on or about April 20, 2001. Submission Agreement of Respondent Equity Securities Investments, Inc. was signed on February 1, 2001.

Answer of Third Party Respondents Nielsen and Tolzmann was filed on or about April 20, 2001. Submission Agreement of Respondent Robert Wayne Nielsen was signed on March 26, 2001. Submission Agreement of Respondent Luverne Robert Tolzmann was signed on February 27, 2001.

CASE SUMMARY

Claimant alleged that Respondent through Nielsen and Tolzmann made material misrepresentations to induce it to proceed with an Initial Public Offering. It was alleged that Respondent continued to make misrepresentations concerning its commitment to proceed with the Offering to induce Claimant to expend resources in anticipation of the Offering. Claimant also alleged that Respondent never intended on completing the Initial Public Offering. Claimant alleged that the actions of Respondent constituted: breach of contract, breach of duty, fraud, and that Respondent engaged in deceptive trade practices.

In its Answer, Respondent denied the allegations of wrongdoing set forth in the Statement of Claim. Respondent specifically stated that the Letter Agreement between the parties, provided, "[i]f, in Equity's opinion, the financial condition of the Company and its business prospects do not fulfill Equity's expectations based on your representations, or should the Offering lack public interest prior to the effective date of the Registration Statement, or should adverse market or other conditions make the Offering not feasible, Equity will have the sole discretion to terminate the Offering." It was stated that Claimant when failed to obtain necessary commitments to complete the Offering, Respondent terminated the Offering.

In its Third Party Claim, Respondent alleged that Third Party Respondents Nielsen and Tolzmann did not have the authority to make the alleged misrepresentations.

Third Party Respondents Nielsen and Tolzmann denied the allegations set forth in the Third Party claim. They specifically stated that Respondent Equity had full knowledge of their involvement in connection with Founders Food & Firkins, Ltd. and ratified and approved all of their actions.

RELIEF REQUESTED

In the Statement of Claim and Request for hearing, Claimant requested the following relief:

1. An award of damages in a sum of \$495,000;
2. An award of all appropriate statutory damages;
3. A declaration that no monies are owed respondent by claimant;
4. An award equal to all costs, disbursements and attorneys' fees incurred by claimant in this matter, and
5. An award to claimant of such other, further and different relief as the Panel may deem just and equitable.

In the Reply to Counterclaim, Claimant requested an award:

1. Dismissing respondent's counterclaim with prejudice on the merits; and
2. Granting claimant such other relief as the Panel deems just and equitable.

In its Amended Answer, Counterclaim, and Third Party Statement of Claim Respondent requested that the Arbitration Panel:

1. Dismiss Claimant's Statement of Claim and Request for Hearing with prejudice;
2. Award damages to Equity on its Counterclaim against Claimant in the amount of \$25,000.00, plus interest;
3. Award Equity its costs and attorney's fees; and
4. Grant Equity such other relief as equitable, appropriate, and just under the circumstances.

On its Third Party Claim, Respondent requested that the Arbitration Panel:

1. Award damages on its Third Party Claims against Tolzmann and Nielsen ;
2. Award Equity its costs and attorney's fees; and
3. Grant Equity such other relief as equitable, appropriate, and just under the circumstances.

Third Party Respondents Nielson and Tolzmann requested that the panel:

1. Enter an award in favor of Nielson and Tolzmann;
2. Award Nielson and Tolzmann their costs and attorneys fees; and
3. Enter an award giving such other relief as is equitable, appropriate and just under the circumstances.

OTHER ISSUES CONSIDERED & DECIDED

At the hearing, Respondent and Third Party Respondents asserted motions for Directed Verdict. After considering the motions, the evidence presented to that point, and the arguments of the parties, the Arbitration Panel denied the motions.

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 Equity Securities Investments, Inc. shall be and hereby is liable for and shall pay to Claimant Founders Food & Firkins Ltd. the sum of \$75,000 (**Seventy Five Thousand Dollars**) as compensatory damages.
2. The Counterclaim and Third Party Claim asserted in this matter shall be and hereby are denied.
3. 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.
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.

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	= \$300.00
Third Party Claim filing fee	= \$500.00

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 Equity Securities Investments, Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Adjournment Fees

Adjournments requested during these proceedings:

November 12-14, 2001, adjournment requested by Equity Securities Investments, Inc.= \$1,125.00

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 \$1,125.00	= \$2,250.00
Pre-hearing conference(s): July 24, 2001 1 session	
November 12, 2001 1 session	
Six (6) Hearing sessions x \$1,125.00	= \$6,750.00
Hearing Date(s): January 8, 2002 2 sessions	
January 9, 2002 2 sessions	
January 10, 2002 2 sessions	
Total Forum Fees	= \$9,000.00

The Arbitration Panel has assessed \$2,250.00 of the forum fees to Founders Food & Firkins Ltd.

The Arbitration Panel has assessed \$2,250.00 of the forum fees to Equity Securities Investments, Inc.

The Arbitration Panel has assessed \$2,250.00 of the forum fees to Robert Wayne Nielsen.

The Arbitration Panel has assessed \$2,250.00 of the forum fees to Luverne Robert Tolzmann.

Fee Summary

Claimant, Founders Food & Firkins Ltd., shall be and hereby is liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	= <u>\$2,250.00</u>
Total Fees	= \$2,550.00
<u>Less payments</u>	= <u>\$1,425.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,125.00

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

Third Party Claim Filing Fee	= \$ 500.00
Member Fees	= \$4,600.00
Adjournment Fee	= \$1,125.00
<u>Forum Fees</u>	= <u>\$2,250.00</u>
Total Fees	= \$8,475.00
<u>Less payments</u>	= <u>\$7,225.00</u>

Balance Due NASD Dispute Resolution, Inc. = \$1,250.00

Respondent, Robert Wayne Nielsen shall be and hereby is liable for:

Forum Fees = \$2,250.00
Balance Due NASD Dispute Resolution, Inc. = \$2,250.00

Respondent, Luverne Robert Tolzmann shall be and hereby is liable for:

Forum Fees = \$2,250.00
Balance Due NASD Dispute Resolution, Inc. = \$2,250.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Steven E. Reichert - Public Arbitrator, Presiding Chair

Mark S. Gleason - Public Arbitrator

Daniel E. Murphy - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Steven E. Reichert
Steven E. Reichert
Public Arbitrator, Presiding Chair

February 7, 2002
Signature Date

/s/ Mark S. Gleason
Mark S. Gleason
Public Arbitrator

February 5, 2002
Signature Date

/s/ Daniel E. Murphy
Daniel E. Murphy
Non-Public Arbitrator

February 4, 2002
Signature Date

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Arbitration No. 00-1147
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Balance Due NASD Dispute Resolution, Inc. = \$1,250.00

Respondent, Robert Wayne Nielsen shall be and hereby is liable for:

Forum Fees = \$2,250.00
Balance Due NASD Dispute Resolution, Inc. = \$2,250.00

Respondent, Luerne Robert Tolzmann shall be and hereby is liable for:

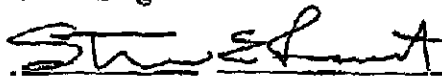
Forum Fees = \$2,250.00
Balance Due NASD Dispute Resolution, Inc. = \$2,250.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Steven E. Reichert - Public Arbitrator, Presiding Chair
Mark S. Gleason - Public Arbitrator
Daniel E. Murphy - Non-Public Arbitrator

Concurring Arbitrators:


Steven E. Reichert
Public Arbitrator, Presiding Chair

2/7/02
Signature Date

Mark S. Gleason
Public Arbitrator

Signature Date

Daniel E. Murphy
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 00-05147
Award Page 6 of 6

NASD Dispute Resolution, Inc.
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Balance Due NASD Dispute Resolution, Inc.

\$1,250.00

Respondent, Robert Wayne Nielsen shall be and hereby is liable for:

Forum Fees

= \$2,250.00

Balance Due NASD Dispute Resolution, Inc.

= \$2,250.00

Respondent, Luverne Robert Tolzmann shall be and hereby is liable for:

Forum Fees

= \$2,250.00

Balance Due NASD Dispute Resolution, Inc.

= \$2,250.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Steven E. Reichert - Public Arbitrator, Presiding Chair

Mark S. Gleason - Public Arbitrator

Daniel E. Murphy - Non-Public Arbitrator

Concurring Arbitrators:

Steven E. Reichert
Public Arbitrator, Presiding Chair

Mark S. Gleason
Mark S. Gleason
Public Arbitrator

Signature Date

2/5/02
Signature Date

Daniel E. Murphy
Non-Public Arbitrator

Signature Date

Balance Due NASD Dispute Resolution, Inc. = \$1,250.00

Respondent, Robert Wayne Nielsen shall be and hereby is liable for:

Forum Fees = \$2,250.00
Balance Due NASD Dispute Resolution, Inc. = \$2,250.00

Respondent, Luverne Robert Tolzmann shall be and hereby is liable for:

Forum Fees = \$2,250.00
Balance Due NASD Dispute Resolution, Inc. = \$2,250.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Steven E. Reichert - Public Arbitrator, Presiding Chair

Mark S. Gleason - Public Arbitrator

Daniel E. Murphy - Non-Public Arbitrator

Concurring Arbitrators:

Steven E. Reichert
Public Arbitrator, Presiding Chair

Signature Date

Mark S. Gleason
Public Arbitrator

Signature Date

Daniel E. Murphy
Daniel E. Murphy
Non-Public Arbitrator

2-4-02
Signature Date