

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Claimant
John P. Edmonds

Case Number: 00-05242

Respondents
First Union Securities, Inc. and Paul Emerson

Hearing Site: Chicago, Illinois

REPRESENTATION OF PARTIES

Claimant, John P. Edmonds, Esq., hereinafter referred to as "Claimant," represented himself and has law offices located in Chillicothe, Illinois.

Respondents, First Union Securities, Inc. and Paul Emerson, hereinafter collectively referred to as "Respondents," were represented by Renan I. Sugarman, Esq. who has law offices located in Chicago, Illinois.

CASE INFORMATION

Statement of Claim filed (on or about): November 27, 2000

Claimant, Edmonds, signed the Uniform Submission Agreement: November 27, 2000

Joint Statement of Answer filed by Respondents on or about: January 24, 2001

CASE SUMMARY

Claimants Edmonds asserted the following causes of action: Breach of Contract; Breach of Fiduciary Duty; Misrepresentation, and Non-Disclosures.

The causes of action relate to an IPO of Cobalt Networks, Inc. stock.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defense: Failure to State a Claim.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$ 6,800.00
Punitive Damages	\$25,000.00
Interest	not specified
Attorneys' Fees	not specified
Other Costs	not specified
Other Monetary/Non-Monetary Relief if any:	revocation of Respondent Emerson's license

Respondents requested:

Other Monetary/Non-Monetary Relief if any:	Expungement of Respondent Emerson's CRD record and dismissal of claim
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OTHER ISSUES CONSIDERED AND DECIDED

Respondents First Union Securities, Inc. and Paul Emerson did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but are required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

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 First Union Securities, Inc. is liable to and shall pay Claimant John P. Edmonds the sum of \$6,300.00 as compensatory damages.
2. Any and all relief asserted by Claimant John P. Edmonds against Paul Emerson are denied.
3. Parties shall bear their own costs, including attorney's fees.
4. Respondent Paul Emerson's request for expungement of his CRD record is denied.
5. 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, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$175.00

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. First Union Securities, Inc. is a party.

Member surcharge	= \$ 800.00
Pre-hearing process fee	= \$ 600.00
<u>Hearing process fee</u>	<u>= \$1,000.00</u>
Total	= \$2,400.00

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:

One (1) Pre-hearing session with Panel at \$600.00 = \$ 600.00
Pre-hearing conference: December 21, 2001 1 session

Two (2) Hearing sessions at \$600.00 = \$1,200.00
Hearing Date: June 13, 2002 2 sessions

Total Forum Fees = \$1,800.00

The Panel has assessed \$1,800.00 of the forum fees to First Union Securities, Inc.

FEE SUMMARY

1. Claimant, John P. Edmonds, is solely liable for:

<u>Initial Filing Fee</u>	= \$ 175.00
Total Fees	= \$ 175.00
<u>Less payments</u>	<u>= \$ 775.00</u>
Refund Due from NASD Dispute Resolution, Inc.	= \$ 600.00

2. Respondent, First Union Securities, Inc., is solely liable for:

Member Fees	= \$ 2,400.00
<u>Forum Fees</u>	<u>= \$ 1,800.00</u>
Total Fees	= \$ 4,200.00
<u>Less payments</u>	<u>= \$ 4,200.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

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

ARBITRATION PANEL

Michael I. Behn, Esq. - Public Arbitrator, Presiding Chairperson
Paul J. Sussman, Esq. - Public Arbitrator
Richard J. Belmonte, Esq. - Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/ Michael I. Behn

07/17/02

Michael I. Behn, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

/s/ Paul J. Sussman

07/01/02

Paul J. Sussman, Esq.
Public Arbitrator

Signature Date

/s/ Richard J. Belmonte

07/01/02

Richard J. Belmonte, Esq.
Non-Public Arbitrator

Signature Date

07/19/02

Date of Service (For NASD Dispute Resolution office use only)

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Public Arbitrator, Presiding Chairperson

7/17/02
Signature Date

Paul J. Sussman, Esq.
Public Arbitrator

Signature Date

Richard J. Belmonte, Esq.
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

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NASD Dispute Resolution, Inc.
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Michael L. Behn, Esq. - Public Arbitrator, Presiding Chairperson

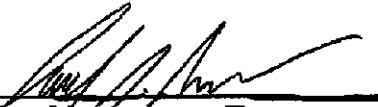
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Richard J. Belmonte, Esq. - Non-Public Arbitrator

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Michael L. Behn, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Paul J. Sussman, Esq.
Public Arbitrator

7/1/02

Signature Date

Richard J. Belmonte, Esq.
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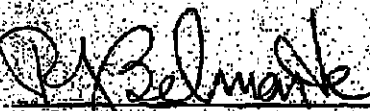
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Public Arbitrator, Presiding Chairperson

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Paul J. Sussman, Esq.
Public Arbitrator

Signature Date



Richard J. Belmonte, Esq.
Non-Public Arbitrator

7/1/02

Signature Date

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