

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Renée Bathe

and

01-01104
Scottsdale, Arizona

Name of Respondents

North Coast Securities Corp.
Frank A. Katona

REPRESENTATION OF PARTIES

Renée Bathe ("**Claimant**") was represented by David C. Anson, Esq., Anson Lammers, P.C., Tucson, Arizona.

North Coast Securities Corp. ("**Respondent North Coast**") and Frank A. Katona ("**Respondent Katona**") (collectively as "**Respondents**") were represented prior to the hearing by Fred S. Konigsberg, Esq., Irvine, California. At the hearing, Respondent North Coast was represented by James Fuller and Mr. Katona appeared *pro se*.

CASE INFORMATION

The Statement of Claim was filed on or about March 6, 2001. Submission Agreement of Claimant Renée Bathe was signed on February 28, 2001.

Respondents North Coast Securities Corp. and Frank A. Katona filed Answer and Affirmative Defenses on or about May 30, 2001. James Fuller signed Submission Agreement of Respondent North Coast Securities Corp. on May 18, 2001. Submission Agreement of Respondent Frank A. Katona was signed on May 18, 2001.

CASE SUMMARY

Claimant alleged that Respondents committed fraud, made unsuitable investments and breached their fiduciary duty to her. Specifically, Claimant alleged that Respondent Katona knowing that Claimant was an unsophisticated investor who could not afford to lose her investment principal, failed to correctly inform her that the investment in Log Point Technologies was speculative and high risk. Claimant alleged that Respondent Katona stated that he was very familiar with the company, that the

investment was safe, and that the stock would at least double in value in several weeks. It was further alleged that Respondent North Coast failed to properly supervise Respondent Katona.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated that a public relations company had retained Claimant, to assist in promoting various securities of high technology companies, including Log Point. It was stated that in connection with her employment, Claimant had received a complete package of information to assist her in promoting the stock of Log Point. Respondents also stated that Claimant had requested that Respondent Katona recommend a diversified portfolio of investments for approximately \$100,000. As part of the proposed portfolio, Respondent Katona recommended the purchase of Log Point. Respondents stated that when Respondent Katona suggested other investments to balance Claimant's portfolio, she refused to consider any other investments until she saw how her Log Point investment panned out.

RELIEF REQUESTED

Claimant requested an award in the amount of \$100,000.00, punitive damages, attorneys' fees and costs.

Respondents requested that the claims asserted against them be dismissed.

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 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. Respondents North Coast Securities Corp. and Frank A. Katona shall be and hereby are jointly and severally liable for and shall pay to Claimant Renée Bathe the sum of \$30,433.00 (**Thirty Thousand Four Hundred Thirty Three Dollars and No Cents**) as compensatory damages.
2. Respondents North Coast Securities Corp. and Frank A. Katona shall be and hereby are jointly and severally liable for and shall pay to Claimant Renée Bathe the sum of \$5,000.00 (**Five Thousand Dollars and No Cents**) as attorneys' fees.

3. Interest at the rate of 10% per annum is award on the sum stated in paragraph 1 above from and inclusive of January 1, 2001 to and inclusive of the date this award is paid in full.
4. Interest at the rate of 10% per annum is award on the sum stated in paragraph 2 above from and inclusive of November 12, 2001 to and inclusive of the date this award is paid in full.
5. 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.
6. 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 = \$225.00

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. In this matter, the member firm is North Coast Securities Corp.

Member surcharge	= \$1,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,500.00

Adjournment Fees

Adjournments requested during these proceedings:

November 12, 2001 hearing date, adjournment requested by Respondents.	
Request denied by the Arbitration Panel.	= \$ 0.00

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) Hearing sessions x \$750.00 = \$1,500.00

Hearing Date(s): November 12, 2001 2 sessions

Total Forum Fees = \$1,500.00

The Arbitration Panel has assessed \$750.00 of the forum fees to Renée Bathe.

The Arbitration Panel has assessed \$750.00 of the forum fees jointly and severally to North Coast Securities Corp. and Frank A. Katona.

Fee Summary

Claimant, Renée Bathe, shall be and hereby is liable for:

Initial Filing Fee	= \$ 225.00
<u>Forum Fees</u>	= \$ 750.00
Total Fees	= \$ 975.00
<u>Less payments</u>	= \$ 975.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

Respondent, North Coast Securities Corp., shall be and hereby is liable for:

Member Fees	= \$3,100.00
<u>Forum Fees</u>	= \$ 0.00
Total Fees	= \$3,100.00
<u>Less payments</u>	= \$1,000.00
Balance Due NASD Dispute Resolution, Inc.	= \$2,100.00

Respondents, North Coast Securities Corp. and Frank A. Katona, shall be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 750.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 750.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

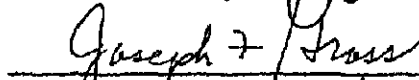
Frank Lewis - Public Arbitrator, Presiding Chair
Joseph F. Gross, Ph.D - Public Arbitrator
Bruce A. Lindvig - Non-Public Arbitrator

Concurring Arbitrators:

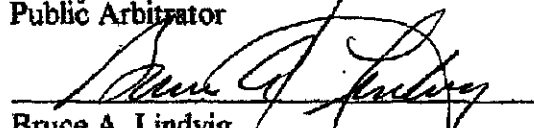


Frank Lewis
Public Arbitrator, Presiding Chair

11/12/01
Signature Date


Joseph F. Gross, Ph.D
Public Arbitrator

11/12/01
Signature Date


Bruce A. Lindvig
Non-Public Arbitrator

11/12/01
Signature Date