
Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Name of the Claimant
O. Lee Taylor

Case Number: 01-01187

Name of the Respondents
National Securities, Corporation;
James J. Christiano; Bruce J. Katz;
Robert I. Kollack; Michael A. Bresner;
Olympic Cascade Financial Corp.

Hearing Site: Nashville, Tennessee

REPRESENTATION OF PARTIES

Claimant O. Lee Taylor ("Taylor") was represented by H. Naill Falls, Jr., Esq., of the firm of Falls & Veach, located in Nashville, Tennessee.

Respondents National Securities Corporation ("NSC"), James J. Christiano ("Christiano"), Bruce J. Katz ("Katz"), Robert I. Kollack ("Kollack"), Michael A. Bresner ("Bresner"), and Olympic Cascade Financial Corp ("OCF") were represented by Adam D. Cole, Esq. of the firm of Greenberg Traurig, LLP, located in New York, New York.

CASE INFORMATION

Statement of Claim filed: March 9, 2001.

Claimant signed the Uniform Submission Agreement: March 5, 2001.

Statement of Answer and Motion to Transfer Venue filed by all Respondents on or about: June 19, 2001.

Respondent NSC signed the Uniform Submission Agreement: June 4, 2001.

Respondent Christiano signed the Uniform Submission Agreement: June 4, 2001.

Respondent Katz signed the Uniform Submission Agreement: June 4, 2001

Respondent Kollack signed the Uniform Submission Agreement: June 4, 2001.

Respondent Bresner signed the Uniform Submission Agreement: June 4, 2001.

Respondent OCF did not file an executed Uniform Submission Agreement.

Motion to Stay filed by Respondents NSC, Christiano, Katz, Bresner and Kollack on: February 28, 2002.

Claimant's Response to Motion to Stay filed: March 4, 2002.

CASE SUMMARY

Claimant asserted the following causes of action: unsuitability; churning; unauthorized trading; misrepresentation; fraud; violation of both state and federal securities laws; violation of the NASD rules; breach of fiduciary duty; liability under control person provisions of the Securities Exchange Act and state statute. These claims resulted from trading in high-tech and internet stocks.

Unless specifically admitted in its Answer, Respondents NSC, Christiano, Katz, Bresner and Kollack denied the allegations made in the Statement of Claim and asserted that Taylor was a sophisticated investor, interested in short-term gains and speculation. In addition, Respondents alleged Claimant was happy when his account was up hundreds of percentage points and that it was only after the general market decline that Taylor made his allegations.

RELIEF REQUESTED

Claimant requested:

| | |
|--|---------------------|
| Compensatory Damages | \$1,000,000.00 |
| Punitive Damages | Determined by panel |
| Interest | Unspecified amount |
| Attorneys' Fees | Unspecified amount |
| Plus Other Monetary/Non-Monetary Relief, if any, that the panel deemed proper. | |

Respondents requested that the claims be dismissed as being without merit. In addition, Respondent OCF requested dismissal because it was not a party to any arbitration agreement and is not an NASD member firm.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Olympic Cascade Financial Corp. did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration, but as a non-member of the NASD is not required to submit to arbitration pursuant to the Code. Since OCF did not submit to arbitration, the panel made no determination as to the merit of the claims made against this Respondent and it is dismissed without prejudice.

Respondents withdrew the Motion to Transfer Venue.

On February 28, 2002, Respondents filed a Motion to Stay the proceedings in order to permit counsel to resolve a separate action filed by Claimant in a Tennessee state court. Claimant objected to the stay. On April 15, 2002, the panel denied the Motion and proceeded with the arbitration.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents National Securities Corporation and James J. Christiano are jointly and severally liable for and shall pay to the Claimant, O. Lee Taylor, the sum of \$500,000.00 as compensatory damages, plus interest in the amount of \$100,000.00, for a total award of \$600,000.00;
2. The claims asserted against Respondents Bruce J. Katz, Robert I. Kollack and Michael A. Bresner are dismissed and denied in their entirety;
3. The parties shall bear their own costs of arbitration, including any attorneys' fees, except for those specifically enumerated herein; and
4. 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 | = \$ 375.00 |
|--------------------------|-------------|

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. Accordingly, National Securities Corporation is a party and is assessed the following sums as member fees:

| | |
|-------------------------|---------------|
| Member surcharge | = \$ 2,000.00 |
| Pre-hearing process fee | = \$ 600.00 |
| Hearing process fee | = \$ 3,500.00 |

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed: None.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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:

| | |
|---|---------------|
| One (1) Pre-hearing session with a single arbitrator @ \$450.00 | = \$ 450.00 |
| Pre-hearing conference: October 9, 2001 1 session | |
| One (1) Pre-hearing session with Panel @ \$1,200.00 | = \$ 1,200.00 |
| Pre-hearing conference: November 19, 2001 1 session | |

| | | |
|--|------------------|---------------|
| Ten (10) Hearing sessions @ \$1,200.00 | | = \$12,000.00 |
| Hearing Dates: | January 30, 2002 | 2 sessions |
| | January 31, 2002 | 2 sessions |
| | April 17, 2002 | 2 sessions |
| | April 18, 2002 | 2 sessions |
| | April 19, 2002 | 2 sessions |
| Total Forum Fees | | = \$13,650.00 |

The Panel has assessed \$6,825.00 of the forum fees to the Claimant, O. Lee Taylor, and \$6,825.00 of the forum fees jointly and severally to Respondents National Securities Corporation and James J. Christiano.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security. The following administrative costs are assessed:

| | |
|---|-------------|
| National Securities Corporation requested complete copies of tape recorded record | = \$ 355.00 |
| O. Lee Taylor requested certain copies of tape recorded record | = \$ 100.00 |

FEE SUMMARY

Claimant O. Lee Taylor is solely liable for:

| | |
|---|---------------|
| Initial Filing Fee | = \$ 375.00 |
| Forum Fees | = \$ 6,825.00 |
| <u>Administrative Costs</u> | = \$ 100.00 |
| Total Fees | = \$ 7,300.00 |
| <u>Less payments</u> | = \$ 1,700.00 |
| Balance Due NASD Dispute Resolution, Inc. | = \$ 5,600.00 |

Respondent National Securities Corporation is solely liable for:

| | |
|---|---------------|
| Member Fees | = \$ 6,100.00 |
| <u>Administrative Costs</u> | = \$ 355.00 |
| Total Fees | = \$ 6,455.00 |
| <u>Less payments</u> | = \$ 6,100.00 |
| Balance Due NASD Dispute Resolution, Inc. | = \$ 355.00 |

Respondents National Securities Corporation and James J. Christiano are jointly and severally liable for:

| | |
|---|---------------|
| Forum Fees | = \$ 6,825.00 |
| <u>Less Payments</u> | = \$ 0.00 |
| Balance Due NASD Dispute Resolution, Inc. | = \$ 6,825.00 |

NASD Dispute Resolution, Inc. Award

Case No. 01-01187

Page 5 of 5

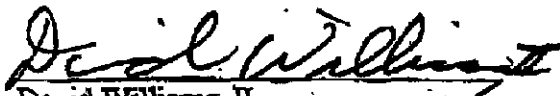
All balances are payable to NASD Dispute Resolution, Inc. and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

David Williams, II - Public Arbitrator, Presiding Chairperson

Norman W. Ginsberg - Public Arbitrator

Claude O. Ramer, II - Non-Public Arbitrator

Concurring Arbitrators' Signatures

David Williams, II

Public Arbitrator, Presiding Chairperson

6/3/02

Signature Date

Norman W. Ginsberg

Public Arbitrator

Signature Date

Claude O. Ramer, II

Non-Public Arbitrator

Signature Date

6/7/02 

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

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

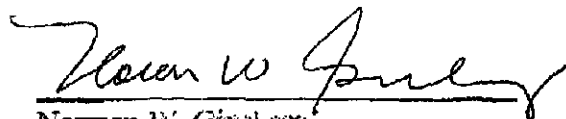
ARBITRATION PANEL

David Williams, II - Public Arbitrator, Presiding Chairperson
Norman W. Ginsberg - Public Arbitrator
Claude O. Ramer, II - Non-Public Arbitrator

Concurring Arbitrators' Signatures

David Williams, II
Public Arbitrator, Presiding Chairperson

Signature Date



Norman W. Ginsberg
Public Arbitrator

6/3/02

Signature Date

Claude O. Ramer, II
Non-Public Arbitrator

Signature Date

6/7/02 KLM

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

NASD Dispute Resolution, Inc. Award
Case No. 01-01187
Page 5 of 5

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

ARBITRATION PANEL

David Williams, II - Public Arbitrator, Presiding Chairperson
Norman W. Ginsberg - Public Arbitrator
Claude O. Ramer, II - Non-Public Arbitrator

Concurring Arbitrators' Signatures

David Williams, II
Public Arbitrator, Presiding Chairperson

Signature Date

Norman W. Ginsberg
Public Arbitrator

Signature Date



Claude O. Ramer, II
Non-Public Arbitrator

6/5/02

Signature Date

6/7/02 NR

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