

**AWARD**  
**NASD Dispute Resolution, Inc.**

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In the Matter of the Arbitration Between

Name of Claimants

Todd Wesley Stauffer

and

01-02563  
Denver, Colorado

Name of Respondents

Geneva Holding Corp., Geneva Capital Corp. and  
David M. Khalilzad

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**REPRESENTATION OF PARTIES**

Todd Wesley Stauffer ("**Claimant**") was represented by Dennis A. Graham, Esq. of Clanahan Tanner Downing & Knowlton, located in Denver, Colorado.

Geneva Holding Corp., Geneva Capital Corp., and David M. Khalilzad ("**Respondents**") were represented by Neil S. Baritz, Esq. law office of Neil S. Baritz, Boca Raton, FL.

**CASE INFORMATION**

The Statement of Claim was filed on or about May 14, 2001. Submission Agreement of Claimant Todd Wesley Stauffer was signed on May 12, 2001.

Statement of Answer and Affirmative Defenses was filed by Respondents Geneva Capital Corp., and David M. Khalilzad on or about July 12, 2001. Submission Agreements of Respondents were signed on July 12, 2001.

Respondent Geneva Holding Corp. is not a member of the NASD and did not agree to submit to arbitration. Respondent Geneva Holding Corp. did not submit an Answer or Uniform Submission Agreement.

### **CASE SUMMARY**

Claimant, a registered representative of D.H. Blair & Co., alleged that he made loans through a private placements totaling over one million three hundred thousand dollars to Respondents. Ultimately, Claimant asked for return of the money but alleges that Respondents have refused to pay the amounts due and owing him. Claimant asserted causes of action include breach of contract, negligence, fraud, breach of fiduciary duty, misrepresentation, fraud and conversion.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated demand for payment was made but denied that any amount of money was due and owing to the Claimant. Respondents asserted affirmative defenses including the defense that Claimant acquiesced and accepted the transactions effected with and for his accounts and failed to object. Accordingly, Claimant's claims are barred under the doctrines of waiver, equitable estoppel and ratification.

### **RELIEF REQUESTED**

Claimant requested an award in the amount of \$2,115,000.00 in compensatory damages, punitive damages, interest, attorney's fees, and other costs and all other relief to which they may be entitled.

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

### **OTHER ISSUES CONSIDERED & DECIDED**

Geneva Holding Corp. is not a member of the NASD and did not agree to submit to arbitration. Therefore, the panel made no rulings as to Geneva Holding Corp.

The Panel specifically finds that Respondents Geneva Capital Corporation and David M. Khalilzad committed fraud in connection with the loan Claimant made to them and the events leading to the filing of this claim in arbitration.

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. That the Respondents Geneva Capital Corporation and David M. Khalilzad are jointly and severally liable for and shall pay Claimant Todd Wesley Stauffer one million six hundred thousand dollars (\$1,600,000.00) in compensatory damages for the fraud the Respondents committed and interest in the amount of three hundred sixty four thousand dollars (\$364,000) dollars;
2. That Respondents Geneva Capital Corp. and David M. Khalilzad are jointly and severally liable for and shall pay Claimant Todd Wesley Stauffer fifty thousand dollars (\$50,000.00) in attorney's fees. In making this award of attorney's fees, the panel reviewed and considered the oral arguments of all counsel, all pleadings, and specifically pleadings containing allegations of fraud, documents, motions, the promissory note at issue and all case and statutory law submitted and find that authority for this award of attorney's fees exists.
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.

### **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 = \$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 at the time of the events giving rise to the dispute. In this matter, the member firm is Geneva Capital Corp.

|                         |              |
|-------------------------|--------------|
| Member surcharge        | = \$2,500.00 |
| Pre-hearing process fee | = \$600.00   |
| Hearing process fee     | = \$4,500.00 |

#### **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 with Panel x \$1,200.00                 | = \$2,400.00 |
| Pre-hearing conference:      October 17, 2001      1 session        |              |
| February 11, 2001      1 session                                    |              |
| Five (5) Hearing sessions x \$1,200.00                              | = \$6,000.00 |
| Hearing Date:                      February 19, 2002      1 session |              |
| February 20, 2002      2 sessions                                   |              |
| <u>February 21, 2002</u> <u>2 sessions</u>                          |              |
| Total Forum Fees  | = \$8,400.00 |

The Arbitration Panel has assessed \$8,400.00 of the forum fees to Respondent Geneva Capital Corporation.

#### **Fee Summary**

Claimant, Todd Wesley Stauffer, shall be and hereby is liable for:

|                      |                     |
|----------------------|---------------------|
| Initial Filing Fee   | = \$ 500.00         |
| Member Fees          | = \$00.00           |
| Adjournment Fee      | = \$ 00.00          |
| Administrative Costs | = \$ 00.00          |
| <u>Forum Fees</u>    | <u>= \$ 00.00</u>   |
| Total Fees           | = \$ 500.00         |
| <u>Less payments</u> | <u>= \$1,700.00</u> |
| Refund Due Claimant  | = \$1,200.00        |

Respondent, Geneva Capital Corp., shall be and hereby is liable for:

|                      |              |
|----------------------|--------------|
| Member Fees          | = \$7,600.00 |
| Adjournment Fee      | = \$ 00.00   |
| Administrative Costs | = \$ 00.00   |

|   |               |
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| <u>Forum Fees</u>                         | = \$8,400.00  |
| Total Fees                                | = \$16,000.00 |
| <u>Less payments</u>                      | = \$3,100.00  |
| Balance Due NASD Dispute Resolution, Inc. | = \$12,900.00 |

**All balances are due to NASD Dispute Resolution, Inc.**

**ARBITRATION PANEL**

William F. Skewes- Public Arbitrator, Presiding Chair  
Robert Bronstein-Public Arbitrator  
Cletus E. Byrne, Jr.-Non-Public Arbitrator

Concurring Arbitrators:

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William F. Skewes, Esq.  
Public Arbitrator, Presiding Chair

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Signature Date

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Robert Bronstein  
Public Arbitrator

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Signature Date

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Cletus E. Byrne, Jr.  
Non-Public Arbitrator

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Signature Date

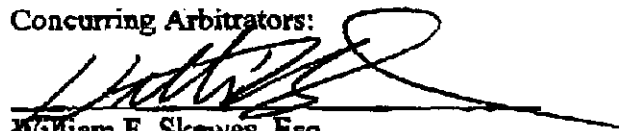
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Public Arbitrator, Presiding Chair

  
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Signature Date

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Robert Bronstein  
Public Arbitrator

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NASD Dispute Resolution, Inc.  
Arbitration No. 01-02563  
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**Concurring Arbitrators:**

William F. Skewes, Esq.  
Public Arbitrator, Presiding Chair

Robert Bronstein  
Robert Bronstein  
Public Arbitrator

Signature Date

7/2/02  
Signature Date

Cletus E. Byrne, Jr.  
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.  
Arbitration No. 01-02563  
Award Page 5 of 5

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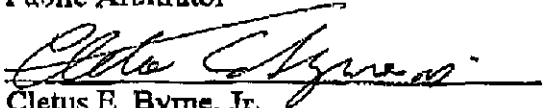
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Public Arbitrator, Presiding Chair

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Robert Bronstein  
Public Arbitrator

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Signature Date

  
Cletus E. Byrne, Jr.  
Non-Public Arbitrator

4-2-2002  
Signature Date