

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Ashley Rhoden

and

01-02707
Dallas, Texas

Name of Respondents

Ameri-First Securities Corporation
Ryan Mark Reynolds
Jeffrey Charles Bruteyn
James Norman Chatham, II
Louis N. Dunklin

REPRESENTATION OF PARTIES

Ashley Rhoden ("**Claimant**") was represented by Tracy Pride Stoneman, Esq., Westcliffe, Colorado.

Ameri-First Securities Corporation ("**Respondent Ameri-First**") was represented by Jeffrey Charles Bruteyn.

Ryan Mark Reynolds ("**Respondent Reynolds**") filed for bankruptcy prior to the conclusion of the hearing.

Jeffrey Charles Bruteyn ("**Respondent Bruteyn**") represented himself.

James Norman Chatham, II ("**Respondent Chatham**") represented himself and did not appear at the hearing.

Louis N. Dunklin ("**Respondent Dunklin**") was represented by C. Bryan Dunklin, Esq., Bryan Dunklin & Associates, Dallas, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about May 22, 2001. Claimant's Answer to Dunklin's Counterclaim was filed on or about August 10, 2001. Submission Agreement of Claimant Ashley Rhoden was signed on May 11, 2001.

Statement of Answer was filed by Respondents Ameri-First Securities Corporation and Jeffrey C. Bruteyn on or about August 13, 2001. Submission Agreement of Respondent Jeffrey Charles Bruteyn was signed on November 11, 2001.

Statement of Answer was filed by Respondent Ryan Mark Reynolds on or about August 13, 2001. Submission Agreement of Respondent Ryan Mark Reynolds was signed on November 11, 2001.

Statement of Answer was filed by Respondent James Norman Chatham, II on or about September 4, 2001. Submission Agreement of Respondent James Norman Chatham, II was signed on November 11, 2001.

Answer, Counterclaim, Crossclaims and Plea of Abatement of Louis N. Dunklin to the Claim of Ashley Rhoden was filed on or about July 23, 2001. Submission Agreement of Respondent Louis N. Dunklin was signed on July 19, 2001.

CASE SUMMARY

Claimant alleged that Respondent Reynolds bought and sold securities in her account without consultation with her. In addition, Claimant alleged that Respondent Reynolds purchased high-risk, low-priced, penny stocks in her account. Claimant further alleged that due to the unauthorized nature of the trades, Respondent Reynolds failed to disclose to her the volatile nature of the stocks in question and the numerous conflicts of interest inherent in the investments. Specifically, Claimant alleged that between October and December 1999, Respondent Reynolds purchased in excess of \$100,000.00 worth of Ameri-First Financial Group stock without previously discussing the purchases with her. It was also alleged that Respondent Reynolds forged her signature on at least two separate occasions. In addition to the securities violations, Claimant alleged that while she was employed at Respondent Ameri-First, Respondent Bruteyn sexually harassed her.

Respondent Bruteyn, individually and on behalf of Respondent Ameri-First denied the allegations set forth in the Statement of Claim. These Respondents specifically stated that Claimant was aware of the purchases in her account, being in the employ of Ameri-First. It was also stated that Claimant was well aware of the risks of the investment of Parallax because she was dating the President of the company.

Respondent Reynolds denied the allegations set forth in the Statement of Claim. Specifically, Respondent Reynolds stated that Claimant was aware of all transactions in her account since she was an employee of Ameri-First at the time of most of the transactions. In addition, Respondent Reynolds stated that Claimant wanted to invest in Parallax. Respondent Reynolds stated that at the time of the Parallax investment, Claimant was in a relationship with the CEO of Parallax.

Respondent Chatham denied the allegations set forth in the Statement of Claim. Specifically, Respondent Chatham stated that at no time did he have control over Claimant's account, nor did he act as a supervisor or in a supervisory capacity at any time.

RELIEF REQUESTED

Claimant requested judgment against the respondents as follows: actual damages in the approximate amount of \$285,000.00 of which the sum of \$100,000.00 is for mental anguish and pain and suffering. In addition, Claimant requested an award of punitive damages in the amount of \$855,000.00. In her Answer to Dunklin's Counterclaim, Claimant requested that Respondent Dunklin's Counterclaim be denied in its entirety and for such other and further relief to which Claimant is justly entitled.

Respondents Ameri-First and Bruteyn requested that the claims asserted against them be dismissed.

Respondent Reynolds requested that he be dismissed from this matter.

Respondent Chatham requested that he be dismissed from the arbitration proceeding.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondents Ameri-First Securities Corporation, Jeffrey Charles Bruteyn, and James Norman Chatham, II had been properly served with the Statement of Claim pursuant to Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondents Ameri-First Securities Corporation, Jeffrey Charles Bruteyn, and James Norman Chatham, II had received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

Respondent Ameri-First Securities Corporation did not file with the NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the Code and having answered the claim is bound by the determination of the arbitration panel on all issues submitted.

Prior to the commencement of the hearing, Claimant reached a settlement with Louis Dunklin.

Claimant asserted a Motion to Bar Respondents' Defenses. The Arbitration Panel ruled that Respondents can testify and cross examine witnesses but cannot offer any documents into evidence or call any third party witnesses.

Claimant asserted a Motion to bar Defense of James Norman Chatham, II. The Arbitration Panel granted the Motion.

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 and the post-hearing submissions, if any, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Ameri-First Securities Corporation, Ryan Mark Reynolds, Jeffrey Charles Bruteyn and James Norman Chatham, II shall be and hereby are jointly and severally liable for and shall pay to Claimant Ashley Rhoden the sum of \$236,714.00 (**Two Hundred Thirty Six Thousand Seven Hundred Fourteen Dollars and no Cents**) as compensatory damages for breach of contract, breach of industry standards, failure to supervise, violations of state securities laws, violation of the Texas Deceptive Trade Practices Act and fraud. In making this Award, the undersigned arbitrators specifically find that Respondents Ameri-First Securities Corporation, Ryan Mark Reynolds, Jeffrey Charles Bruteyn and James Norman Chatham, II committed fraud.
2. Respondents Ameri-First Securities Corporation, Ryan Mark Reynolds, Jeffrey Charles Bruteyn and James Norman Chatham, II shall be and hereby are jointly and severally liable for and shall pay to Claimant Ashley Rhoden the sum of \$25,000.00 (**Twenty Five Thousand Dollars and no Cents**) as attorneys' fees. In making this award of attorneys' fees, the undersigned arbitrators find that there is authority under the Texas Securities Act, the Texas Deceptive Trade Practices Act and for breach of contract.
3. Respondents Ameri-First Securities Corporation, Ryan Mark Reynolds, Jeffrey Charles Bruteyn and James Norman Chatham, II shall be and hereby are jointly and severally liable for and shall pay to Claimant Ashley Rhoden the sum of \$49,243.00 (**Forty Nine Thousand Two Hundred Forty Three Dollars and no Cents**) as pre judgment interest.
4. Respondents Ameri-First Securities Corporation, Ryan Mark Reynolds, Jeffrey Charles Bruteyn and James Norman Chatham, II shall be and hereby are jointly and severally liable for and shall pay to Claimant Ashley Rhoden the sums of \$3,000.00 (**Three Thousand Dollars and no Cents**) as reimbursement of witness fees and \$750.00 (**Seven Hundred Fifty Dollars and no Cents**) for costs.

5. Respondent Jeffrey Charles Bruteyn shall be and hereby is liable for and shall pay to Claimant Ashley Rhoden the sum of \$85,000.00 (**Eighty Five Thousand Dollars and no Cents**) as damages for intentional infliction of emotional distress and assault and battery.
6. Interest on the amounts awarded herein shall accrue from the date of service of the Award till paid.
7. 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.
8. 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	= \$500.00
Counter claim/Cross claim/Third Party Claim filing fee	= \$250.00

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 firm is Ameri-First Securities Corporation, a terminated member.

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:

One (1) Pre-hearing session(s) with Panel x \$1,200.00	= \$1,200.00
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Pre-hearing conference(s): November 13, 2001 1 session

Four (4) Hearing sessions x \$1,200.00 = \$4,800.00

Hearing Date(s): February 25, 2002 2 sessions

February 26, 2002 2 sessions

Total Forum Fees = \$6,000.00

The Arbitration Panel has assessed \$6,000.00 of the forum fees jointly and severally to Ameri-First Securities Corporation, Ryan Mark Reynolds, Jeffrey Charles Bruteyn, and James Norman Chatham, II.

Fee Summary

Claimant, Ashley Rhoden, shall be and hereby is liable for:

Initial Filing Fee = \$ 500.00

Forum Fees = \$ 0.00

Total Fees = \$ 500.00

Less payments = \$1,700.00

Balance to be refunded by NASD Dispute Resolution, Inc. = \$1,200.00

Respondent, Ameri-First Securities Corporation, shall be and hereby is liable for:

Member Fees = \$7,600.00

Forum Fees = \$ 0.00

Total Fees = \$7,600.00

Less payments = \$ 0.00

Balance Due NASD Dispute Resolution, Inc. = \$7,600.00

Respondent, Louis N. Dunklin, shall be and hereby is liable for:

Cross/Counter Claim Filing Fee = \$ 250.00

Forum Fees = \$ 0.00

Total Fees = \$ 250.00

Less payments = \$ 0.00

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

Respondents, Ameri-First Securities Corporation, Ryan Mark Reynolds, Jeffrey Charles Bruteyn, and James Norman Chatham, II, shall be and hereby are jointly and severally liable for:

Forum Fees = \$6,000.00

Total Fees = \$6,000.00

<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$6,000.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Maxel B. Silverberg - Public Arbitrator, Presiding Chair
Donald C. Hood - Public Arbitrator
Todd R. Gough - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Maxel B. Silverberg
Maxel B. Silverberg
Public Arbitrator, Presiding Chair

July 8, 2002
Signature Date

/s/ Donald C. Hood
Donald C. Hood
Public Arbitrator

July 10, 2002
Signature Date

/s/ Todd R. Gough
Todd R. Gough
Non-Public Arbitrator

July 8, 2002
Signature Date

NASD Dispute Resolution, Inc.

Arbitration No. 01-02707

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Less payments

Balance Due NASD Dispute Resolution, Inc.

= \$ 0.00

= \$6,000.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Maxel B. Silverberg - Public Arbitrator, Presiding Chair

Donald C. Hood - Public Arbitrator

Todd R. Gough - Non-Public Arbitrator

Concurring Arbitrators:


Maxel B. Silverberg

Public Arbitrator, Presiding Chair

7/8/02
Signature Date

Donald C. Hood

Public Arbitrator

Signature Date

Todd R. Gough

Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 01-02707
Award Page 7 of 7

Less payments

Balance Due NASD Dispute Resolution, Inc.

= \$ 0.00
= \$6,000.00

All balances are due to NASD Dispute Resolution, Inc.

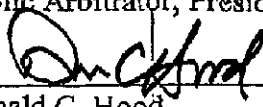
ARBITRATION PANEL

Maxel B. Silverberg - Public Arbitrator, Presiding Chair
Donald C. Hood - Public Arbitrator
Todd R. Gough - Non-Public Arbitrator

Concurring Arbitrators:

Maxel B. Silverberg
Public Arbitrator, Presiding Chair

Signature Date


Donald C. Hood
Public Arbitrator

7.10.02
Signature Date

Todd R. Gough
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.

Arbitration No. 01-02707

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Less payments

Balance Due NASD Dispute Resolution, Inc.

= \$ 0.00

= \$6,000.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Maxel B. Silverberg - Public Arbitrator, Presiding Chair

Donald C. Hood - Public Arbitrator

Todd R. Gough - Non-Public Arbitrator

Concurring Arbitrators:

Maxel B. Silverberg

Public Arbitrator, Presiding Chair

Signature Date

Donald C. Hood

Public Arbitrator

Signature Date



Todd R. Gough

Non-Public Arbitrator

7-8-02

Signature Date