
Stipulated Award
NASD

In the Matter of the Arbitration Between:

Names of the Claimants

Richard D. Koehler, Jr.
Echo Financial, L.C., a Florida corporation
vs.

Case Number: 01-03141

Hearing Site: Tampa, Florida

Names of the Respondents

FSC Securities Corporation, Richard Husarek, Bernie Markowitz, Douglas Beaudoin, Reed N. Lengel, Phil Freeman III and Joseph Catania

Names of the Cross-Claimants, Counter-Claimants, and Third Party Claimants

Richard Husarek, Bernie Markowitz, Reed N. Lengel, Phil Freeman III and Douglas Beaudoin
vs..

Names of the Cross Respondent, Counter-Respondents and Third Party Respondent

FSC Securities Corporation, Richard D. Koehler, Jr., Echo Financial, L.C. and Michael Heimbach

REPRESENTATION OF PARTIES

For Richard D. Koehler, Jr. and Echo Financial, a Florida corporation, hereinafter referred to as "Claimants":
Delmer C. Gowing III, P.A., Delray Beach, Florida.

For Respondent FSC Securities Corporation ("FSC"): Robert G. Brunton, Esq., Kutak Rock L.L.P., Atlanta, Georgia.

For Respondents Richard Husarek ("Husarek"), Bernie Markowitz ("Markowitz"), Reed N. Lengel ("Lengel"), and Phil Freeman III, (Freeman") and Douglas Beaudoin ("Beaudoin"): John R. Kiefner, Jr., Esq. and Scott W. Fitzpatrick, Esq., Kiefner & Renaldo, P.A., St. Petersburg, Florida.

For Respondent Joseph Catania ("Catania"): Paul B. Catania, Esq., Tampa, Florida.

Third Party Respondent Michael Heimbach (Heimbach") appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: June 11, 2001.

Claimants signed the Uniform Submission Agreement: May 4, 2001.

Statement of Answer, Cross-Claim and Counter-Claim filed by Respondents Husarek, Markowitz, Lengel, and Freeman on or about: September 19, 2001.

Statement of Answer, Counter-Claim, Cross-Counterclaim, Third Party Cross-Claim and Motion to Dismiss filed by Respondent FSC on or about: November 6, 2001.

Statement of Answer, Counter-Claim and Third Party Claim filed by Respondent Beaudoin on or about: February 14, 2002.

Statement of Answer and Motion to Dismiss filed by Respondent Catania on or about: September 24, 2001.

Statement of Answer to FSC's Cross-Counterclaim and Third Party Cross-Claim filed by Respondents Husarek, Markowitz, Lengel and Freeman on or about: November 15, 2001.

Statement of Answer of Third Party Respondent Heimbach filed on or about: February 7, 2002.

Reply to Respondents Husarek, Markowitz, Lengel and Freeman's Answer to FSC's Cross-Counterclaim and Third Party Cross-Claim filed by Respondent FSC on or about: December 3, 2001.

Response to Respondent FSC's Counter-Claim filed by Claimants on or about: December 6, 2001.

Response to Counter-Claim of Respondents Husarek, Markowitz, Lengel and Freeman filed by Claimant on or about: December 6, 2001.

Respondent FSC signed the Uniform Submission Agreement: July 31, 2001.

Respondents Husarek, Markowitz, Lengel and Freeman signed the Uniform Submission Agreements: September 24, 2001.

Respondent Beaudoin signed the Uniform Submission Agreement: February 6, 2002.

Respondent Catania signed the Uniform Submission Agreement: September 6, 2001.

Third Party Respondent Heimbach did not file an executed Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; aiding and abetting; conspiracy; tortious interference with employment relationship; unfair competition; and, breach of contract. The causes of action relate to the resignation of Echo's officers and their re-negotiation of new contracts with FSC.

FSC filed its Answer and Affirmative defenses to the Statement of Claim, denying any liability and asserting a counter-claim against Koehler for amounts due pursuant to certain promissory notes executed by Koehler in connection with the sale of certain business assets to FSC as well as for amounts paid by FSC to resolve claims relating to the operation of Echo's business. The representatives filed an Answer and Affirmative Defenses to the Statement of Claim, which included a Counter-Claim against Claimants, a Third Party Claim against Heimbach, their former supervisor, and a Cross-Claim against FSC.

FSC filed its Answer and Affirmative defenses to the Cross-Claim, denying any liability pursuant to such claims and asserting a Cross-Counterclaim against the representatives for their violation of NASD rules and FSC policies and, as to Markowitz, for amounts due under a promissory note. FSC also filed a Cross-Third Party Claim against Heimbach, as a result of his violations of NASD rules and FSC policies.

Unless specifically admitted in his Answer, Respondent Catania denied the allegations made in the Statement of Claim, filed a Motion to Dismiss and asserted various affirmative defenses.

Unless specifically admitted in his Answer, Third Party Respondent Heimbach denied the allegations made in the Third Party Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$3,500,000.00, jointly and severally, against

Respondents FSC, Husarek, Markowitz, Beaudoin, Lengel Freeman and Catania, compensatory damages in the amount of \$35,000.00 against Respondent Husarek, compensatory damages in the amount of \$26,000.00 against Respondent Markowitz, compensatory damages in the amount of \$36,000.00 against Respondent Beaudoin, compensatory damages in the amount of \$50,000.00 against Respondent Lengel, compensatory damages in the amount of \$1,000.00 against Respondent Freeman, punitive damages in the amount of \$5,000,000.00, attorney's fees, costs and other relief as the Panel deemed fair and equitable.

Respondent/ Counter-Claimant/ Cross-Counter Claimant/ Third Party Cross-Claimant FSC requested compensatory damages in the amount of \$245,000.00 from Claimants, plus attorney's fees and costs, accrued interest at the rate of 8.5% from January 1, 1999 through the date of payment of Award. FSC seeks compensatory damages in the amount of \$90,000.00, from Cross Respondent Markowitz, plus interest at the rate of 8.5% per annum from March 28, 2000 to the date of payment of the award, attorney's fees and costs. FSC seeks compensatory damages from Cross Respondent Markowitz, Third Party Respondent Heimbach, and Claimants, jointly and severally, in the amount of \$20,000.00, and indemnification from Respondent Markowitz, Husarek, Lengel and Freeman, Third Party Respondent Heimbach, and Claimants with respect to any other claims brought against them by other purchasers of the Echo notes. In addition, they requested that the Statement of Claim and Cross-Claim be dismissed in their entirety.

Respondents/ Cross-Claimants/ Counter-Claimants/ Third Party Claimants Husarek, Markowitz, Lengel and Freeman requested compensatory damages in the amount of \$1,000,000.00 from Cross Respondent FSC, Third Party Respondent Heimbach and Claimants plus punitive damages, statutory interest, attorney's fees, costs and such other relief as the Panel deemed appropriate.

Respondent Catania requested both statutory and regulatory attorney's fees, costs and further relief as the Panel deems just and proper. In addition, Respondent requested that the Panel dismiss this Claim in its entirety.

Respondent/ Counter-Claimant/ Third Party Claimant Beaudoin joined Respondents/ Cross-Claimants/ Counter-Claimants/ Third Party Claimants Husarek, Markowitz, Lengel and Freeman for compensatory damages in the amount of \$1,000,000.00 against Claimants and Third Party Respondent Heimbach, plus punitive damages, statutory interest, attorney's fees, costs and such other relief as the Panel deemed appropriate.

Third Party Respondent Heimbach did not specifically delineate a relief request.

OTHER ISSUES CONSIDERED AND DECIDED

Third Party Respondent Heimbach did not file with NASD a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, is bound by the determination of the Panel on all issues submitted.

On September 10, 2002, Claimants informed NASD that they were dismissing, without prejudice, Respondent Catania from this proceeding. Respondent Catania agreed to the dismissal without prejudice.

On October 31, 2002 the remaining parties informed NASD that they had reached an amicable settlement and would be submitting a proposed Stipulated Award.

On December 27, 2002 the parties submitted a proposed Stipulated Award with a request for expungement of this matter from the Central Registration Depository (the "CRD") records of Respondents Husarek, Markowitz, Lengel, Freeman and Beaudoin.

The parties have agreed that the Stipulated Award in this matter may be executed in counterpart copies or that a signed handwritten Stipulated Award may be entered.

AWARD

After considering the pleadings, and the proposed Stipulated Award the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Except as noted in (2) below, all claims, counter-claims and cross-claims asserted by any of the parties in this arbitration are hereby dismissed with prejudice.
2. Any and all actual and potential indemnification and contribution claims or causes of action, by and among the parties or any other person, which refer or relate to, or otherwise involve any actual or potential claim by any non-party to this arbitration, relating to the offer, sale or purchase of, or investments in, the securities of Echo, including, but not limited to the Series A Preferred stock of Echo or any of its promissory notes (the indemnification and contribution claims), are expressly reserved and preserved. Notwithstanding the foregoing, to the extent any such claims are or have been asserted in this arbitration, such claims are hereby dismissed without prejudice.
3. Any and all claims against Third Party Respondent Heimbach, by any party, are hereby dismissed without prejudice.
4. The Panel recommends the expungement of all references to this matter from Respondents Markowitz, Lengel, Husarek, Freeman and Beaudoin's registration records maintained by the NASD CRD with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondents Markowitz, Lengel, Husarek, Freeman and Beaudoin must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive. The Panel acknowledges that Claimants stipulate to such recommendation and that Respondent FSC does not oppose such recommendation.
5. The parties shall bear their own fees, costs and assessments, including their own attorney's fees.
6. Any and all requests for relief not specifically addressed herein, including the request of any party for an Award of attorney's fees or punitive damage, are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 600.00

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Counterclaim filing fee	= \$1,000.00
Third Party 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 person at the time of the events giving rise to the dispute. Accordingly, FSC is a party to this dispute and was a member of the NASD at the time the following fees were assessed:

Member surcharge	= \$3,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$5,000.00

Adjournment Fees

No requests for adjournments were filed in this matter.

Injunctive Relief Fees

No injunctive relief fees were incurred during this proceeding.

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 @ \$1,200.00	= \$1,200.00
Pre-hearing conference April 30, 2002	
Total Forum Fees	= \$1,200.00

The Panel has assessed \$600.00 of the forum fees to Claimant Echo Financial.
The Panel has assessed \$600.00 of the forum fees to Respondent FSC.

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.

No administrative costs were incurred during this proceeding.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Retained hearing session deposit	= \$ 600.00
Total Fees	= \$ 1,200.00
Less payments	= \$ 1,200.00

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Balance Due NASD = \$ 0.00

Claimant Echo is solely liable for:

Forum Fee	= \$ 600.00
Total Fees	= \$ 600.00
Less payments	= \$ 600.00
Balance Due NASD	= \$ 0.00

Respondent FSC is solely liable for:

Filing Fee	= \$ 1,000.00
Member Fees	= \$ 8,600.00
Forum Fees	= \$ 600.00
Retained hearing session deposit	= \$ 525.00
Total Fees	= \$ 10,725.00
Less payments	= \$ 10,725.00
Balance Due NASD	= \$ 0.00

Respondents Husarek, Markowitz, Lengel, Freeman and Beaudoin are jointly and severally liable for:

Filing Fee	= \$ 375.00
Retained hearing session deposit	= \$ 1,200.00
Total Fees	= \$ 1,575.00
Less payments	= \$ 1,575.00
Balance Due NASD	= \$ 0.00

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

ARBITRATION PANEL

James P. Ryan	-	Public Arbitrator, Presiding Chairperson
Brenda Kay Blount, CPA	-	Public Arbitrator
Robert K. MacKenzie	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
James P. Ryan
Public Arbitrator, Presiding Chairperson

3/18/03
Signature Date

/s/
Brenda Kay Blount, CPA
Public Arbitrator

3/20/03
Signature Date

/s/
Robert K. MacKenzie
Non-Public Arbitrator

3/17/03
Signature Date

NASD

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3/24/03

Date of Service (For NASD use only)

NASD

Arbitration No. 01-03141

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Balance Due NASD	= \$	0.00
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Claimant Echo is solely liable for:

<u>Forum Fee</u>	= \$	600.00
<u>Total Fees</u>	= \$	600.00
<u>Less payments</u>	= \$	600.00
Balance Due NASD	= \$	0.00

Respondent FSC is solely liable for:

<u>Filing Fee</u>	= \$	1,000.00
<u>Member Fees</u>	= \$	8,600.00
<u>Forum Fees</u>	= \$	600.00
<u>Retained hearing session deposit</u>	= \$	525.00
<u>Total Fees</u>	= \$	10,725.00
<u>Less payments</u>	= \$	10,725.00
Balance Due NASD	= \$	0.00


Respondents Husarek, Markowitz, Lengel, Freeman and Beaudoin are jointly and severally liable for:

<u>Filing Fee</u>	= \$	375.00
<u>Retained hearing session deposit</u>	= \$	1,200.00
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James P. Ryan
Public Arbitrator, Presiding Chairperson

March 18, 2003

Signature Date

Brenda Kay Blount, CPA
Public Arbitrator

Signature Date

Robert K. MacKenzie
Non-Public Arbitrator

Signature Date

NASD

Arbitration No. 01-03141

Award Page 6

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Signature Date

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Public Arbitrator

3/20/03
Signature Date

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Non-Public Arbitrator

Signature Date

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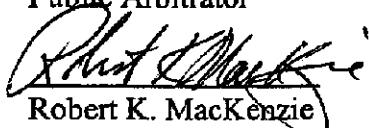
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Public Arbitrator, Presiding Chairperson

Signature Date

Brenda Kay Blount, CPA
Public Arbitrator

Signature Date


Robert K. MacKenzie
Non-Public Arbitrator

3/17/03
Signature Date