

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Grady Andrews, Michael Beasley, Donald Bickford, Thomas Blackwood, Eric Chen, Charles Clapper, Ted Clinton, Thomas Corkran, John Dai, Jeff Donaldson, Lawrence Harmon, Thomas Iverson, Gerald Jacino, Charles Johnson, Bruce Jones, Joe Kelly, Sunil Kharode, Dannie Marchione, Mark Melling, Eugene Miller, David Morrison, William Murphy, John Nesbitt, Norman Peterson, Keith Potter, Seppo Saarinen, Jerome Sahlman, Robert and Ruth Sano, Jason Scott, Ashok Shori, Dannie Smith, Dennis Smith, Fred Vetter, Sam Williams, John Woodbury, Glen Markowski, Claimants v. Bear, Sterns Securities Corp., and Richard Harriton, Respondents

Case Number: 01-03185

Hearing Site: Portland, Oregon

REPRESENTATION OF PARTIES

For Claimants:

Robert S. Banks, Jr. Esq.
Banks Law Office, P.C.
Portland, Oregon

For Respondents:

P. Benjamin Duke, Esq.
Covington & Burling
New York, New York

CASE INFORMATION

Statement of Claim filed: June 14, 2001

Amended Statement of Claim filed: January 25, 2002

Claimant Grady Andrews' Uniform Submission Agreement signed: January 12, 2001

Claimant Michael Beasley's Uniform Submission Agreement signed: August 21, 2001

Claimant Donald Bickford's Uniform Submission Agreement signed: July 31, 2000

Claimant Thomas Blackwood's Uniform Submission Agreement signed: July 5, 2000

Claimant Eric Chen's Uniform Submission Agreement signed: July 7, 2000

Claimant Charles Clapper's Uniform Submission Agreement signed: July 14, 2000

Claimant Ted Clinton's Uniform Submission Agreement signed: June 24, 2000

Claimant Thomas Corkran's Uniform Submission Agreement signed: June 29, 2000

Claimant John Dai's Uniform Submission Agreement signed: June 30, 2000

Claimant Jeff Donaldson's Uniform Submission Agreement signed: June 28, 2000

Claimant Lawrence Harmon's Uniform Submission Agreement signed: June 29, 2000

Claimant Thomas Iverson's Uniform Submission Agreement signed: June 28, 2000

Claimant Gerald Jacino's Uniform Submission Agreement signed: January 15, 2001

Claimant Charles Johnson's Uniform Submission Agreement signed: June 30, 2000

Claimant Bruce Jones' Uniform Submission Agreement signed: January 13, 2001

Claimant Joe Kelly's Uniform Submission Agreement signed: July 10, 2000

Claimant Sunil Kharode's Uniform Submission Agreement signed: Undated

Claimant Dannie Marchione's Uniform Submission Agreement signed: June 28, 2000

Claimant Mark Melling's Uniform Submission Agreement signed: June 23, 2000

Claimant Eugene Miller's Uniform Submission Agreement signed: Undated

Claimant David Morrison's Uniform Submission Agreement signed: June 28, 2000

Claimant William Murphy's Uniform Submission Agreement signed: July 8, 2000

Claimant John Nesbitt's Uniform Submission Agreement signed: July 18, 2000

Claimant Norman Peterson's Uniform Submission Agreement signed: Undated

Claimant Keith Potter's Uniform Submission Agreement signed: August 9, 2000

Claimant Seppo Saarinen's Uniform Submission Agreement signed: August 19, 2000

Claimant Jerome Sahlman's Uniform Submission Agreement signed: July 31, 2000

Claimant Robert Sano's Uniform Submission Agreement signed: August 16, 2000

Claimant Ruth Sano's Uniform Submission Agreement signed: August 16, 2000

Claimant Jason Scott's Uniform Submission Agreement signed: January 30, 2001

Claimant Ashok Shori's Uniform Submission Agreement signed: July 3, 2000

Claimant Dannie Smith's Uniform Submission Agreement signed: January 12, 2001

Claimant Dennis Smith's Uniform Submission Agreement signed: July 27, 2001

Claimant Fred Vetter's Uniform Submission Agreement signed: July 20, 2000

Claimant Sam William's Uniform Submission Agreement signed: June 28, 2000

Claimant John Woodbury's Uniform Submission Agreement signed: Undated

Claimant Glen Markowski's Uniform Submission Agreement signed: Undated

Joint Statement of Answer filed by Respondents Bear, Stearns Securities Corp. and Richard Harriton: November 26, 2001

Joint Statement of Answer to Amended Statement of Claim filed by Respondents Bear, Stearns Securities Corp. and Richard Harriton: March 11, 2002

Respondents' Joint Uniform Submission Agreement signed: None Submitted

CASE SUMMARY

In the Initial Statement of Claim, Claimants alleged violations of State Blue Sky Laws, violation of Section 349 of the New York Business Law, aiding and abetting and conspiring to commit fraud, violation of Section 10(b) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. section 78j(b), and breach of fiduciary duty involving various securities including Advanced Voice Technologies, Applewoods, Inc., Com/Tech Communications Technologies, Inc., Embryo Development Corp., Lasergate Systems, Inc. and ML Direct, Inc.

In the Amended Statement of Claim, Claimants added allegations of breach of contract against Respondent Bear, Stearns Securities Corp. only, and allegations of failure to disclose under the provisions of the Restatement of Torts 2d section 551 against both Respondents.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim and Amended Statement of Claim.

RELIEF REQUESTED

Claimant Grady Andrews requested compensatory damages in the sum of \$51,122.50. Michael Beasley requested compensatory damages in the sum of \$45,881.57. Donald Bickford requested compensatory damages in the sum of \$92,088.00. Thomas Blackwood requested compensatory damages in the sum of \$84,577.00. Eric Chen requested compensatory damages in the sum of \$174,525.00. Charles Clapper requested compensatory damages in the sum of \$180,000.00. Ted Clinton requested compensatory damages in the sum of \$196,907.00. Thomas Corkran requested compensatory damages in the sum of \$35,073.00. John Dai requested compensatory damages in the sum of \$181,411.54. Jeff Donaldson requested compensatory damages in the sum of \$97,602.00. Lawrence Harmon requested compensatory damages in the sum of \$48,345.00. Thomas Iverson requested compensatory damages in the sum of \$88,000.00. Gerald Jacino requested compensatory damages in the sum of \$68,125.00. Charles Johnson requested compensatory damages in the sum of \$39,335.00. Bruce Jones requested compensatory damages in the sum of \$62,029.80. Joe Kelly requested compensatory damages in the sum of \$55,296.00. Sunil Kharode requested compensatory damages in the sum of \$92,559.44. Dannie Marchione requested compensatory damages in the sum of \$39,506.00. Mark Melling requested compensatory damages in the sum of \$83,464.00. Eugene Miller requested compensatory damages in the sum of \$70,212.63. David Morrison requested compensatory damages in the sum of \$19,572.50. William Murphy requested compensatory damages in the sum of \$135,399.00. John Nesbitt requested compensatory damages in the sum of \$60,000.00. Norman Peterson requested compensatory damages in the sum of \$67,525.00. Keith Potter requested compensatory damages in the sum of \$65,740.92. Seppo Saarinen requested compensatory damages in the sum of \$34,161.01. Jerome Sahlman requested compensatory damages in the sum of \$82,609.00. Robert and Ruth Sano requested compensatory damages in the sum of \$117,612.28. Jason Scott requested compensatory damages in the sum of \$132,921.50. Ashok Shori requested compensatory damages in the sum of \$87,666.50. Dannie Smith requested compensatory damages in the sum of \$30,000.00. Dennis Smith requested compensatory damages in the sum of \$201,525.00. Fred Vetter requested compensatory damages in the sum of \$98,624.00. Sam Williams requested compensatory damages in the sum of \$40,030.00. John Woodbury requested compensatory damages in the sum of \$255,000.00. Glen Markowski requested compensatory damages in the sum of \$110,588.00. The Claimants also requested costs, interest and attorney fees.

Respondents requested dismissal of the Claimants' Statement of Claim and Amended Statement of Claim in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Bear, Stearns Securities Corp. and Richard Harriton did not file with the NASD Dispute Resolution a properly executed submission agreement but are required to submit to arbitration pursuant to the Code of Arbitration Procedure.

On August 7, 2003, Claimants dismissed with prejudice Respondent Richard Harriton.

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

AWARD

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

- 1) Claimants' Claims are denied in their entirety.
- 2) The parties shall bear their respective costs, including attorneys' fees.
- 3) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 600.00
--------------------------	-------------

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Bear, Stearns Securities Corp. is a party and the following fees are assessed:

Member Surcharge	= \$2,500.00
Pre-Hearing Process Fee	= \$ 600.00
Hearing Process Fee	= \$4,500.00
Total Member Fees	= \$7,600.00

Adjournment Fees

The following adjournment fees are assessed:

January 27-31, 2003, adjournment requested by Respondent Bear, Stearns Securities, Corp.

Waived

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Panel. The following fees are assessed:

Five (5) Pre-hearing conference session(s) with the Panel @ \$1,200.00/session = \$ 6,000.00

Pre-hearing conferences:	June 17, 2002	1 session
	July 23, 2002	1 session
	July 29, 2003	1 session
	January 16, 2003	1 session
	January 29, 2003	1 session

Ten (10) Hearing sessions @ \$1,200.00/session = \$12,000.00

Hearing(s):	August 18, 2003	2 sessions
	August 19, 2003	2 sessions
	August 20, 2003	2 sessions
	August 21, 2003	2 sessions
	August 22, 2003	2 sessions

Total Forum Fees = \$18,000.00

1. The Panel assessed \$8,400.00 of the forum fees jointly and severally to Claimants.
2. The Panel assessed \$8,400.00 of the forum fees to Respondent Bear, Stearns Securities Corp.
3. The panel waived \$1,200.00 of the forum fess for the Pre-hearing Conference held on July 23, 2003.

Administrative Costs

Administrative costs are expenses incurred because a party requested additional services beyond the normal administrative services. These additional services include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, security, and sundry other requests.

Respondent, Bear, Stearns Securities Corp., requested copies of past awards: =\$ 70.00

Fee Summary

1. All Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$ 8,400.00
Total Fees	= \$ 9,000.00
Less payments	= \$(1,800.00)
Balance Due NASD Dispute Resolution	= \$ 7,200.00

2. Respondent Bear, Stearns Securities Corp. is charged with the following fees and costs:

Member Fees	= \$ 7,600.00
Administrative Costs	= \$ 70.00
Forum Fees	= \$ 8,400.00
Total Fees	= \$16,070.00
Less payments	= \$ (7,670.00)
Balance Due NASD Dispute Resolution	= \$ 8,400.00

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

ARBITRATION PANEL

Gerald D. Wygant, Esq.	-	Public Arbitrator, Presiding Chair
Bernard F. Vail	-	Public Arbitrator
Joyce L. Tyler	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Gerald D. Wygant, Esq.
Chair, Public Arbitrator

9-16-2003
Signature Date

Bernard F. Vail
Public Arbitrator

Signature Date

Joyce L. Tyler
Non-Public Arbitrator

Signature Date

9/16/03
Date of Service

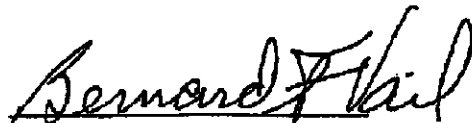
ARBITRATION PANEL

Gerald D. Wygant, Esq.	-	Public Arbitrator, Presiding Chair
Bernard F. Vail	-	Public Arbitrator
Joyce L. Tyler	-	Non-Public Arbitrator

Concerning Arbitrators' Signatures

Gerald D. Wygant, Esq.
Chair, Public Arbitrator

Signature Date



Bernard F. Vail
Public Arbitrator

Sept. 16, 2003
Signature Date

Joyce L. Tyler
Non-Public Arbitrator

Signature Date

9/16/03
Date of Service

RECEIVED

SEP 25 2003

NASD
DISPUTE RESOLUTION

ARBITRATION PANEL

Gerald D. Wygant, Esq.	-	Public Arbitrator, Presiding Chair
Bernard F. Vail	-	Public Arbitrator
Joyce L. Tyler	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Gerald D. Wygant, Esq.
Chair, Public Arbitrator

Signature Date

Bernard F. Vail
Public Arbitrator

Signature Date



Joyce L. Tyler
Non-Public Arbitrator

Signature Date

Sept. 25, 2003
Date of Service