

PACIFIC STOCK EXCHANGE, INC.
115 Sansome Street
San Francisco, CA 94104

ORIGINAL

In the Matter of the Arbitration Between
JSS INVESTMENTS, L L C ,

Claimant,

PCX Case No. 01-S017

v.

MJT SECURITIES, L.L.C., JOHN W. BROWN,
And MATTHEW ADAMS,

Respondents,

DECISION

_____/

AND RELATED CROSS COMPLAINTS and
COUNTERCLAIMS

_____/

The undersigned Arbitrators, having read and considered the claims, counterclaims and cross-complaints submitted by the parties, hereby render the following DECISION pursuant to Rules 12.2 and 12.29, subsection (a), Rules of the Board of Governors of the Pacific Stock Exchange.

REPRESENTATION OF THE PARTIES

Of Claimant JSS Securities, L.L.C. and Cross-Respondent, John S. Stafford, Jr.:
Kirkland & Ellis, Mr. James Schink, Esq., 200 E. Randolph Drive, Chicago, Illinois,
60601

Of Respondents and Cross-Complainants MJT Securities, L.L.C., John W. Brown and
L. Matthew Adams: Shartsis, Friese & Ginsberg, Mr. Frank Cialone, Esq., One
Maritime Plaza, 18th Floor, San Francisco, CA 94111

SUMMARY OF ISSUES PRESENTED

Claimant JSS Securities ("claimant") and its Managing Member, John Stafford, Jr. allege that MJT Securities, John W. Brown and L. Matthew Adams ("respondents") jointly and severally, owe claimant an estimated \$5,000,000.00 which were losses incurred from February 16, 2001, through June 15, 2001, caused by respondents' operation of a Joint Venture ("Venture"), contrary to claimant's direct instructions.

In addition, claimant alleges that, pursuant to the Joint Venture Agreement ("Agreement"), respondents owe claimant \$414,785.72, which is 50% of the compensation paid to respondents' managers, traders and clerks for their operation of the Venture. Claimant also contends it is owed interest on the above noted amounts, and is entitled to an award of Forum Fees, and attorneys' fees.

Respondents deny any amount of money is owed to claimant, contending that respondents operated the Venture consistent with the Agreement, and instructions of, and risk parameters set by, claimant and John Stafford, Jr.

Respondents counterclaim and cross-complain against claimant, and its Managing Member and Owner, John Stafford, Jr. ("X-claimants"), alleging that, pursuant to the terms of the Agreement, X-claimants breached their fiduciary obligation to the Venture by preventing respondents from trading, and constructively terminating the Venture, on May 18, 2001. As a result, respondents contend they are owed: damages for the breach of X-claimants' fiduciary obligation; \$2,000,000, which was respondents' excess capital remaining at termination; 30% of between \$4,000,000 and \$10,000,000, which is an estimated range of the fair market value of the Venture; and, compensation for the time respondents were prevented from practicing their profession after the constructive termination.

X-claimants deny any amount of money is owed to respondents. They deny the Venture was terminated on May 18, 2001, contending it was terminated by sale on February 28, 2002, for \$500,000, its fair market value. They deny that respondents are owed 30% of the sales price, contending that this amount is offset by the Venture's operating losses of an estimated \$12,000,000.00 while it was in existence, for which respondents are partially or wholly responsible.

OTHER MATTERS

Respondents contend that they were defamed by X-claimants, and damaged thereby. Respondents, with the concurrence of X-claimants, agreed to dismiss all allegations relating to X-claimants' defamation.

It was stipulated that the law of the State of Illinois shall control for all substantive matters relating to this arbitration.

The Arbitration Panel determined that California Law shall apply to all procedural matters relating to this arbitration.

The Arbitration Panel determined that respondents could not seek punitive damages against X-claimants.

The Arbitration Panel determined that neither X-claimants nor respondents were entitled to recover attorneys' fees from the other.

DECISION

Claimant JSS INVESTMENTS, L.L.C., shall take nothing by way of its Claims against MJT SECURITIES, L.L.C., JOHN W. BROWN and L. MATTHEW ADAMS.

Respondents MJT SECURITIES, L.L.C., JOHN W. BROWN and L. MATTHEW ADAMS shall recover from X-claimants JSS INVESTMENTS, L.L.C. and JOHN STAFFORD, JR., jointly and severally, the sum of \$1,200,000.00.

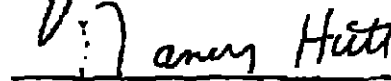
Each party to bear its own costs of suit.

Furnish Fees in the amount of \$ 9,600.00 to be shared equally between X-claimants and respondents, 50% each.

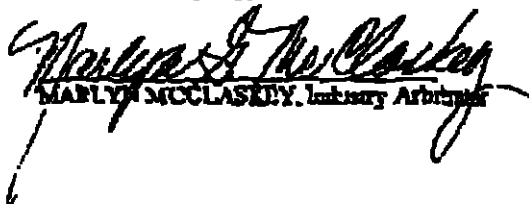
After reviewing the submissions of both the X-claimants and respondents in this matter, the undersigned Arbitration Panel makes its final determination and decision of the issues presented.


ALFRED P. KNOLL, Arbitration Chair

3/6/03
Dated


NANCY HUTT, Esq., Public Arbitrator

3/28/03
Dated


MARLYN MCCLASKY, Industry Arbitrator

3/27/03
Dated