

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Jeffrey Nelson, M.D., Jeffrey Nelson IRA, and Jeffrey Nelson Profit Sharing Account
(Claimants) v. Weatherly Securities Corporation, Gregory Matthews, John Scott Matthews,
Michael David Ward, William R. O'Connell, John Wilson, Steven Frederic Singer, and
Christopher Michael Reno (Respondents)

Case Number: 02-04646

Hearing Site: New York, New York

Nature of the Dispute: Customers vs. Member and Associated Persons.

REPRESENTATION OF PARTIES

Claimant Jeffrey Nelson, M.D., ("Nelson"), Jeffrey Nelson IRA ("Nelson IRA"), and Jeffrey Nelson Profit Sharing Account ("Nelson PSA") hereinafter referred to as "Claimants": Luigi P. DeMaio, Esq., Crocco & DeMaio, P.C., Mount Kisco, NY.

Respondent Michael David Ward ("Ward"): Jane M. DiGiacomo, Esq., Twomey, Latham, Shea & Kelley, LLP, Riverhead, NY.

Respondents Gregory Matthews ("G. Matthews") and John James Wilson ("Wilson"): Eugene L. Small, Esq., Alonso, Andalkar & Kahn, P.C., New York, NY.

Respondent John Scott Matthews ("J. Matthews"): Michael P. Gilmore, Esq., Sims Moss Kline & Davis, LLP, Mineola, NY.

Respondent Steven Singer ("Singer"): John E. Lawlor, Esq., Mineola, NY.

Respondent Barry Hyman ("Hyman"): Clifford Thau, Esq., Vinson & Elkins, New York, NY.

Respondent William R. O'Connell ("O'Connell"): David M. Rosenfield, Esq., Herrick, Feinstein, LLP, New York, NY.

Weatherly Securities Corporation ("Weatherly") did not make an appearance in this matter.

Jack G. Najarian ("Najarian") did not make an appearance in this matter.

Joseph Sierra ("Sierra") did not make an appearance in this matter.

Anthony V. Vitale ("Vitale") did not make an appearance in this matter.

Christopher M. Reno ("Reno") did not make an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: August 5, 2002.

Amended Statement of Claim filed on or about: May 21, 2003.

Second Amended Statement of Claim filed on or about September 9, 2003.

Claimants signed the Uniform Submission Agreement: August 1, 2002 and September 2003.

Statement of Answer filed by Respondent G. Matthews on or about: November 29, 2002.

Respondent G. Matthews signed the Uniform Submission Agreement: September 23, 2002.

Statement of Answer to the Amended Statement of Claim filed by Respondent Ward on or about: July 17, 2003.

Respondent Ward did not sign the Uniform Submission Agreement.

Statement of Answer filed by Respondent Wilson on or about: October 15, 2003.

Respondent Wilson did not sign the Uniform Submission Agreement.

Statement of Answer and Motion to Dismiss filed by Respondent J. Matthews on or about: October 7, 2003.

Respondent J. Matthews did not sign the Uniform Submission Agreement.

Statement of Answer and Motion to Dismiss filed by Respondent Singer on or about: November 26, 2003.

Respondent Singer signed the Uniform Submission Agreement: December 18, 2003.

Respondents Weatherly, Najarian, Sierra, Vitale, and Reno did not file Statements of Answer or sign Uniform Submission Agreements.

CASE SUMMARY

Claimants asserted the following causes of action: failure to supervise; breach of fiduciary duty; misrepresentations; unsuitability; and churning. The causes of action relate to unspecified securities.

Unless specifically admitted in his Answer, Respondent G. Matthews denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in his Answer, Respondent Ward denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in his Answer, Respondent Wilson denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in his Answer, Respondent J. Matthews denied the allegations made in the Statement of Claim.

Unless specifically admitted in his Answer, Respondent Singer denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$500,000.00; interest; costs and disbursements, including reasonable attorneys' fees; punitive damages; and such other and further relief as the Arbitrators deem just and proper.

Respondent G. Matthews requested that the case be dismissed in its entirety; that judgment be rendered in his favor and against Claimants, with all costs and forum fees to be assessed against Claimant; and that all references to this matter be expunged from his CRD record.

Respondent Ward requested that the claims against him be dismissed, or in the alternative, denied in their entirety; that all forum fees be assessed against Claimants; costs; that the complaints of Claimants be expunged from his CRD record; and that the Panel grant other or further relief as it deems just and proper under the circumstances.

Respondent Wilson requested that Claimants' Statement of Claim be dismissed in its entirety and that the costs of this proceeding be assessed against Claimants.

Respondent J. Matthews requested that Claimants' Statement of Claim be dismissed in its entirety; attorneys' fees; and that all NASD forum fees and costs be assessed against Claimants.

Respondent Singer requested that the Statement of Claim be dismissed in its entirety; and attorneys' fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Respondent Reno has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondents Ward, Wilson, and J. Matthews did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the Code and, having answered the claim, are bound by the determination of the Panel on all issues submitted.

On or about May 5, 2003, Securities Investor Protection Corporation ("SIPC") stepped in to protect customers' accounts maintained at Respondent Weatherly. In addition, on or about May 5, 2003, the liquidation proceeding was removed to the United States Bankruptcy Court for the

Southern District of New York. Accordingly, all claims against Weatherly Securities Corporation are stayed.

On or about September 9, 2003, Claimants withdrew their claims against Respondents Hyman, Vitale, Sierra, and Najarian.

The Panel heard oral argument on October 8, 2004 and November 8, 2004 with respect to Respondents G. Matthews', J. Matthews', O'Connell's, and Wilson's motions to dismiss and to assess attorneys' fees and forum fees against Claimants. The Panel granted the motions to dismiss of Respondents J. Matthews, O'Connell, and Wilson. The Panel denied the motion to dismiss of Respondent G. Matthews. And the Panel reserved their decision regarding the motion to assess attorneys' fees and forum fees against Claimants.

At the conclusion of Claimants' case, Claimants voluntarily discontinued the claim against Respondent Singer.

At the hearing, the Claimants and Respondent Ward settled.

At the hearing, Respondents made an application for sanctions. The Panel denied the application.

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.

AWARD

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

1. The claims of Claimants are denied in their entirety.
2. Any and all relief not specifically addressed herein, including punitive damages and attorneys' fees, are denied.
3. Respondent G. Matthews' application for expungement is denied.
4. Respondents J. Matthews', O'Connell's, Wilson's, and Singer's applications for expungement are granted. Therefore, the Panel recommends the expungement of all reference to the above captioned arbitration from Respondents John Scott Matthews', William R. O'Connell's, John Wilson's, and Steven Frederic Singer's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondents John Scott Matthews, William R. O'Connell, John Wilson, and Steven Frederic Singer must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$300.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

December 9-11, 2003, adjournment by Respondents Ward, Singer, and J. Matthews = Waived

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:

Three (3) Pre-hearing sessions with Panel @ \$1,125.00 = \$ 3,375.00

Pre-hearing conferences:	April 8, 2003	1 session
	May 15, 2003	1 session
	May 24, 2004	1 session

Sixteen (16) Hearing sessions @ \$1,125.00 = \$18,000.00

Hearing Dates:	September 27, 2004	2 sessions
	September 28, 2004	2 sessions
	September 29, 2004	2 sessions
	October 1, 2004	1 session
	October 7, 2004	2 sessions
	October 8, 2004	2 sessions
	November 8, 2004	2 sessions
	November 9, 2004	2 sessions
	December 2, 2004	1 session

Total Forum Fees = \$21,375.00

1. The Panel has assessed \$10,687.50 of the forum fees against Claimants.
2. The Panel has assessed \$10,687.50 of the forum fees against Respondent G. Matthews.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$10,687.50
Total Fees	= \$10,987.50

<u>Less payments</u>	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 9,562.50

2. Respondent G. Matthews is solely liable for:

<u>Forum Fees</u>	= \$10,687.50
Total Fees	= \$10,687.50
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$10,687.50

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

ARBITRATION PANEL

Annamaria Boccia-Kovarcik, Esq.	-	Public Arbitrator, Presiding Chairperson
William Lloyd Kandel	-	Public Arbitrator
John W. Thomas, Jr.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Annamaria Boccia Kovarcik
Annamaria Boccia-Kovarcik, Esq.
Public Arbitrator, Presiding Chairperson

12-16-2004
Signature Date

William Lloyd Kandel
Public Arbitrator

Signature Date

Dissenting Arbitrator's Signature

John W. Thomas, Jr.
Non-Public Arbitrator

Signature Date

December 21, 2004
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

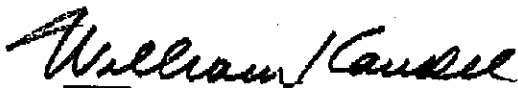
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Annamaria Boccia-Kovarcik, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



William Lloyd Kandel
Public Arbitrator

12/16/04

Signature Date

Dissenting Arbitrator's Signature

John W. Thomas, Jr.
Non-Public Arbitrator

Signature Date

December 21, 2004

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

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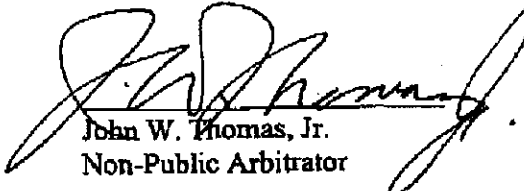
Annamaria Boccia-Kovarcik, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

William Lloyd Kandel
Public Arbitrator

Signature Date

Dissenting Arbitrator's Signature


John W. Thomas, Jr.
Non-Public Arbitrator

18 Dec 2004
Signature Date

December 21, 2004

Date of Service (For NASD Dispute Resolution use only)