

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimants

Chateau Oil & Gas, Heritage International Holdings,
and Financial Services Investments, Inc.

V.

02-05116
Denver, Colorado

Respondents

Global Capital Securities Corporation,
Global Capital Partners, Inc.,
and Martin Sumichrast

REPRESENTATION OF PARTIES

Chateau Oil & Gas, Heritage International Holdings, and Financial Services Investments, Inc. ("Claimant") were represented by Steve A. Miller, Esq., of the Law Offices of Steve A. Miller, Denver, Colorado.

Global Capital Securities Corporation ("GCSC") did not appear at the hearing.

Global Capital Partners, Inc. ("GCAP") was a non-member of the NASD and did not submit to arbitration. Claimant withdrew all claims against Global Capital Partners, Inc. without prejudice on May 8, 2003.

Martin Sumichrast ("Sumichrast") did not appear at the hearing. Claimant withdrew all claims against Martin Sumichrast without prejudice on May 8, 2003.

CASE INFORMATION

The Statement of Claim was filed on or about August 29, 2002. Submission Agreements of Claimants Chateau Oil & Gas, Heritage International Holdings, and Financial Services Investments, Inc. were signed on August 26, 2002.

No Statement of Answer was filed by Respondent Global Capital Securities Corporation. No Submission Agreement was filed for Respondent Global Capital Securities Corporation.

No Statement of Answer was filed by Respondent Global Capital Partners, Inc. No Submission Agreement was filed for Respondent Global Capital Partners, Inc.

No Statement of Answer was filed by Respondent Martin Sumichrast. No Submission Agreement was filed for Respondent Martin Sumichrast.

CASE SUMMARY

Claimants asserted the following causes of action: negligent misrepresentation, fraud, violation of NASD Conduct Rules, violation of the Colorado Securities Act, and violation of the Colorado Consumer Protection Act. The causes of action related to Claimants' investment of \$1,332,000 in the Convertible Promissory Notes issued by Respondent GCAP and brokered by GCSC during the spring of 2001. During the offering and private placement of the Notes, GCAP's assets were overstated by \$25,500,000 at a time when all Respondents, according to Claimants, knew or should have known that at \$25,500,000 note receivable being carried as an asset for GCAP was substantially overvalued, if not worthless, and indeed was completely written off as bad debt by GCAP merely days after closing the private placement of the Notes to Claimants.

Respondents did not submit a Statement of Answer in defense of the allegations listed in the Statement of Claim.

RELIEF REQUESTED

Claimants requested an award in the amount of \$1,332,000 in compensatory damages. In addition, Claimants has requested that such award reflect interest, costs, attorneys' fees, punitive damages, and any other relief the Panel deemed necessary.

Respondents did not request any relief, as they filed no response in regard to Claimants' Statement of Claim.

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 Respondent Global Capital Securities Corporation, had been properly served with the Statement of Claim pursuant to Rule 10314 of NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Global Capital Securities Corporation 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 Global Capital Securities did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of NASD Code of Arbitration Procedure (the "Code").

On or about April 22, 2003 Panelist Steven Meyrich, Esq. withdrew from this arbitration panel and was replaced by John E. Plock, Esq.

The appearing 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 appearing parties have agreed to receive conformed copies of the award while the originals remain on file with NASD Dispute Resolution ("NASD").

AWARD

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

1. Respondent Global Capital Securities Corporation is liable for and shall pay to Claimants, Chateau Oil & Gas, Heritage International Holdings, and Financial Services Investments, Inc., the sum of One Million Three Hundred Thirty Two Dollars and No Cents (\$1,332,000.00) as compensatory damages;
2. Respondent Global Capital Securities Corporation is liable for and shall pay to Claimants, Chateau Oil & Gas, Heritage International Holdings, and Financial Services Investments, Inc., pre and post-judgment interest in the amount of 8% per annum pursuant to Colorado Securities Act 1151.604 (4) from August 30, 2002 until award is paid in full;
3. Respondent Global Capital Securities Corporation is liable for and shall pay to Claimants, Chateau Oil & Gas, Heritage International Holdings, and Financial Services Investments, Inc., attorneys' fees in the amount of Five Hundred Ninety Nine Thousand Four Hundred Dollars and No Cents (\$499,400) pursuant to Colorado Securities Act 1151.604 (4);
4. 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.
5. 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 will retain the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 500

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 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 with Panel x \$ 1,200 = \$ 1,200

Pre-hearing conference: 05/05/2003 1 session

One (1) Hearing session x \$ 1,200 = \$ 1,200

Hearing Date: 06/04/2003 1 session

Total Forum Fees = \$ 2,400

The Arbitration Panel has assessed \$2,400 of the forum fees to Global Capital Securities Corporation.

Fee Summary

Claimant, Chateau Oil & Gas, Heritage International Holdings, and Financial Services Investments, Inc., are jointly and severally liable for:

Initial Filing Fee	= \$ 500
Total Fees	= \$ 500
<u>Less payments</u>	<u>= \$ 1,700</u>
Balance Refunded By NASD Dispute Resolution	= \$ 1,200

Respondent, Global Capital Securities Corporation, is liable for:

<u>Forum Fees</u>	<u>= \$ 2,400</u>
Total Fees	= \$ 2,400
<u>Less payments</u>	<u>= \$ 0</u>
Balance Due NASD Dispute Resolution	= \$ 2,400

All balances are due to NASD Dispute Resolution pursuant to Rule 10330(g) of the Code of Arbitration

ARBITRATION PANEL

William H. Long, Esq. - Public Arbitrator, Presiding Chair
John E. Plock, Esq. - Public Arbitrator
Gill D. Cyester - Industry Arbitrator

Concurring Arbitrators:

William H. Long, Esq.
Public Arbitrator, Presiding Chair

Signature Date

John E. Plock, Esq.
Public Arbitrator

Signature Date

Gill D. Cyester
Industry Arbitrator

Signature Date

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John E. Plock, Esq. - Public Arbitrator
Gill D. Cyester - Industry Arbitrator

Concurring Arbitrators:

William H. Long

William H. Long, Esq.
Public Arbitrator, Presiding Chair

10 July 2003

Signature Date

John E. Plock, Esq.
Public Arbitrator

Signature Date

Gill D. Cyester
Industry Arbitrator

Signature Date

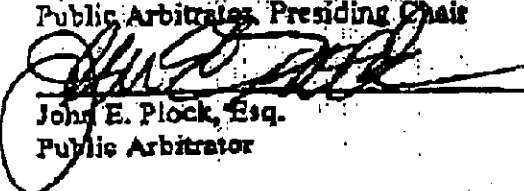
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John E. Plock, Esq. - Public Arbitrator
Gill D. Cyester - Industry Arbitrator

Concurring Arbitrators:

William H. Long, Esq.
Public Arbitrator, Presiding Chair


John E. Plock, Esq.
Public Arbitrator

Gill D. Cyester
Industry Arbitrator

Signature Date

7-9-03
Signature Date

Signature Date

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Public Arbitrator

Signature Date

Gill D. Cyester

Gill D. Cyester
Industry Arbitrator

7/14/03

Signature Date