

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
John W. Hood

Case Number: 02-05452

Name of the Respondent
Charles Schwab & Co., Inc.

Hearing Site: Atlanta, Georgia

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For John W. Hood, hereinafter referred to as "Claimant": John P. Gallagher, Esq. and Ronald J. Stay, Esq., Stites & Harbison PLLC, Atlanta, Georgia and Brian N. Smiley, Esq., Gard Smiley Bishop & Dovin LLP, Atlanta, Georgia.

For Charles Schwab & Co., Inc., hereinafter referred to as "Respondent": Janet Epstein, Corporate Counsel, Charles Schwab & Co., Inc., San Francisco, California and Michael K. Wolensky, Esq. and Ethan H. Cohen, Esq., Kutak Rock LLP, Atlanta, Georgia.

CASE INFORMATION

Statement of Claim filed on or about: September 11, 2002.

Claimant signed the Uniform Submission Agreement: October 10, 2002.

Statement of Answer and Counterclaim filed by Respondent on or about: December 5, 2002.

Respondent signed the Uniform Submission Agreement: December 5, 2002.

CASE SUMMARY

Claimant asserted that in connection with Claimant's agreement to contribute \$1,500,000.00 of the total \$3,000,000.00 collateral for a loan, Respondent misrepresented the amount of assets in Claimant's "collateral account" thereby causing Claimant's funds in the account to be seized. Claimant alleged violations of O.C.G.A. Sections 11-8-501 et. seq. and Cal. Com. Code Section 8501 et. seq. The causes of action relate to an investment in shares of stock of Zeosync.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In addition, Respondent asserted a counterclaim pursuant to the Pledged Collateral Agreement for contractual, implied and equitable indemnity for all damages, costs, expenses and attorneys' fees Respondent incurs as a result of this proceeding.

At the evidentiary hearing, Claimant denied the allegations made in the counterclaim and asserted various defenses.

RELIEF REQUESTED

Claimant requested damages in the amount of \$3,000,000.00, representing his loss plus the amount of the summary judgment directed against Claimant in a federal court action as a result of the transaction at issue, plus prejudgment interest. In addition, Claimant requested a dismissal of the counterclaim.

Respondent requested that the arbitration panel dismiss the claims against Respondent in their entirety; award Respondent its costs and attorneys' fees in connection with this proceeding; award Respondent such other relief as provided by law; and, indemnity as asserted in its counterclaim.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the undersigned arbitrators (the "Panel") have decided in full and final resolution of the issues submitted for determination as follows:

Claimant's claims are denied in their entirety.

Respondent's counterclaim for damages other than attorneys' fees and out of pocket expenses as described below is denied.

Claimant is liable and shall pay to Respondent its attorneys' fees and out of pocket expenses in the sum of \$93,688.83 pursuant to the Pledged Collateral Agreement.

Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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	= \$500.00
Counterclaim filing fee	= \$2,000.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$750.00
Hearing process fee	= \$5,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No requests for adjournments for which fees were assessed were granted in this matter.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Two Pre-hearing sessions with the Panel @ \$1,200.00	= \$2,400.00
Pre-hearing conferences: April 14, 2003	1 session
May 13, 2003	1 session
Eight Hearing sessions @ \$1,200.00	= \$9,600.00
Hearing Dates: November 19, 2003	2 sessions
November 20, 2003	3 sessions
November 21, 2003	3 sessions

Total Forum Fees	= \$12,000.00
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The Panel has assessed the total forum fees of \$12,000.00 to Respondent.

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 are 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 in this matter.

FEE SUMMARY

Claimant is solely liable for:

Initial Filing Fee = \$500.00

Total Fees = \$500.00

Less payments = \$500.00

Balance Due NASD Dispute Resolution = \$0.00

Respondent is solely liable for:

Filing Fee = \$2,000.00

Member Fees = \$8,550.00

Forum Fees = \$12,000.00

Total Fees = \$22,550.00

Less payments = \$11,750.00

Balance Due NASD Dispute Resolution = \$10,800.00

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

ARBITRATION PANEL

Rosemarie L. Bryan, J.D.

Public Arbitrator, Presiding Chair

James H. McAvoy, Sr.

Public Arbitrator

Perry L. Taylor, Jr., Esq.

Non-Public Arbitrator

Concurring Arbitrators' Signatures

_____/S/_____

Rosemarie L. Bryan, J.D.
Public Arbitrator, Presiding Chair

Signature Date

_____/S/_____

James H. McAvoy, Sr.
Public Arbitrator

Signature Date

_____/S/_____
Perry L. Taylor, Jr., Esq
Non-Public Arbitrator

Signature Date

December 17, 2003
Date of Service (For NASD Dispute Resolution office use only)

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ARBITRATION PANEL

Rosemarie L. Bryan, J.D.

Public Arbitrator, Presiding Chair

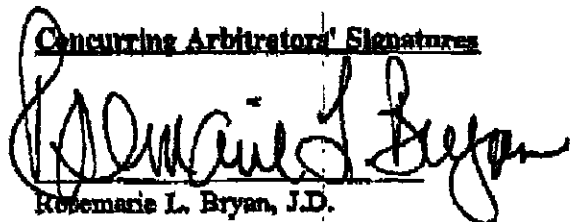
James H. McAvoy, Sr.

Public Arbitrator

Perry L. Taylor, Jr., Esq.

Non-Public Arbitrator

Concurring Arbitrators' Signatures



Rosemarie L. Bryan, J.D.
Public Arbitrator, Presiding Chair

12-16-03
Signature Date

James H. McAvoy, Sr.
Public Arbitrator

Signature Date

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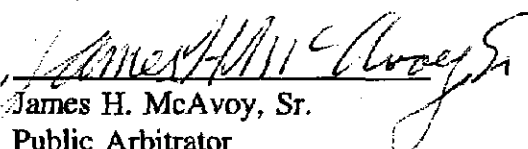
ARBITRATION PANEL

Rosemarie L. Bryan, J.D.	-	Public Arbitrator, Presiding Chair
James H. McAvoy, Sr.	-	Public Arbitrator
Perry L. Taylor, Jr., Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

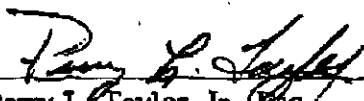
Rosemarie L. Bryan, J.D.
Public Arbitrator, Presiding Chair

Signature Date


James H. McAvoy, Sr.
Public Arbitrator

12/4/03
Signature Date

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Perry L. Taylor, Jr., Esq.
Non-Public Arbitrator

2 Dec '03
Signature Date

Date of Service (For NASD Dispute Resolution office use only)