
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant
Kovack Securities, Inc.

Case Number: 02-05557

Name of Respondent
Howard P. Murray

Hearing Site: Boca Raton, Florida

REPRESENTATION OF PARTIES

For Kovack Securities, Inc., hereinafter referred to as "Claimant": Brian J. Kovack, Esq., Kovack Securities, Inc., Fort Lauderdale, Florida, and Curtis Carlson, Esq., Payton & Carlson, P.A., Miami, Florida.

For Howard P. Murray, hereinafter referred to as "Respondent": Dyanne E. Feinberg, Esq., Gilbride, Heller & Brown, P.A., Miami, Florida.

CASE INFORMATION

Statement of Claim filed on or about: September 19, 2002.

Claimant signed the Uniform Submission Agreement: September 17, 2002.

Statement of Answer and Counterclaim filed by Respondent on or about: November 19, 2002.

Respondent signed the Uniform Submission Agreement: November 15, 2002.

Statement of Answer to Counterclaim filed by Claimant on or about: December 19, 2002.

Motion to Dismiss Counterclaim filed by Claimant on or about: April 15, 2003.

Response to Motion to Dismiss Counterclaim filed by Respondent on or about: May 1, 2003.

CASE SUMMARY

Claimant asserted the cause of action of breach of contract. The cause of action relates to Respondent's refusal to pay Claimant margin debt owed.

Unless specifically admitted in his Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In addition, Respondent asserted, in his counterclaim, the causes of action of breach of contract and breach of fiduciary duty. The causes of action relate to Claimant's failure to make a margin call when required, pursuant to a contractual agreement.

In response to the Counterclaim, unless specifically admitted in its Statement of Answer to Counterclaim, Claimant denied the allegations in the Counterclaim and asserted various

defenses.

RELIEF REQUESTED

Claimant requested compensatory damages of \$131,154.09 plus interest, attorney's fees and costs of making this claim pursuant to the MJK Account Agreement agreed to and signed by Respondent, and any such other and further relief as is deemed necessary and proper, including dismissal of the Counterclaim in its entirety.

Respondent requested compensatory damages on his Counterclaim of \$94,465.82, plus interest, attorney's fees, and the costs of this action.

OTHER ISSUES CONSIDERED AND DECIDED

On or about May 6, 2003, the Panel issued an Order that denied the Motion to Dismiss Counterclaim filed by Claimant.

The parties 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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

The Panel finds Respondent liable for breach of contract and Respondent shall pay to Claimant compensatory damages in the sum of \$131,154.09, pre and post-judgment interest specifically excluded. Claimant is to forfeit all accrued interest, pre and post-judgment, as a penalty for the Panel's finding of its breach of fiduciary duty.

Claimant is liable for breach of fiduciary duty and shall transfer and deliver to Respondent all securities received by Claimant, or its nominee, connected with the \$4,500,000.00 face value bonds of Nextlink Communications, including the bonds themselves, any warrants, options, stock or cash, and any future distribution, of any kind, connected therewith.

Each party shall bear their respective costs and fees, including witness fees.

Any and all requests for relief not specifically addressed herein, including each party's request for attorney's fees, 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	= \$ 1,000.00
Counterclaim filing fee	= \$ 225.00

Member Fees

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

Member Surcharge	= \$ 1,700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 2,750.00</u>
Total Member Fees	= \$ 5,200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

June 18, 2003, adjournment requested by Respondent	= \$ 1,125.00
--	---------------

The Panel assessed the adjournment fee of \$1,125.00 to Respondent.

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 the authority to assess forum fees for each hearing session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that last four (4) hours or less. Fees associated with these proceedings are:

NASD Dispute Resolution
Arbitration No. 02-05557
Award Page 4 of 5

One (1) Pre-hearing session with the Panel @ \$ 1,125.00	= \$ 1,125.00
Pre-hearing conference: March 13, 2003 1 session	
Four (4) Hearing sessions @ \$1,125.00	= \$ 4,500.00
Hearing conferences: June 19, 2003 2 sessions	
June 20, 2003 2 sessions	
<hr/> Total Forum Fees	= \$ 5,625.00

The panel has assessed the total forum fees of \$5,625.00 to Claimant.

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 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	= \$ 1,000.00
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 5,625.00
Total Fees	= \$ 11,825.00
Less payments	= \$ 7,325.00
Balance Due NASD Dispute Resolution	= \$ 4,500.00

Respondent is solely liable for:

Counterclaim filing fee	= \$ 225.00
Adjournment fee	= \$ 1,125.00
Total Fees	= \$ 1,350.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$ 375.00

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

ARBITRATION PANEL

<i>Matthew V. Rigg, CFP</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Gordon Keith Grandy</i>	-	<i>Public Arbitrator</i>
<i>R. Christopher Laux</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

/s/
Matthew V. Rigg, CFP
Public Arbitrator, Presiding Chairperson

07/05/03
Signature Date

/s/
Gordon Keith Grandy
Public Arbitrator

07/05/03
Signature Date

/s/
R. Christopher Laux
Non-Public Arbitrator

07/14/03
Signature Date

07/16/03
Date of Service (For NASD Dispute Resolution office use only)

ARBITRATION PANEL

Matthew V. Rigg, CFP	-	Public Arbitrator, Presiding Chair
Gordon Keith Grandy	-	Public Arbitrator
R. Christopher Laux	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Matthew V. Rigg

Matthew V. Rigg, CFP
Public Arbitrator, Presiding Chairperson

7/5/13
Signature Date

Gordon Keith Grandy
Public Arbitrator

Signature Date

R. Christopher Laux
Non-Public Arbitrator

Signature Date

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

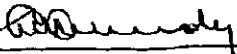
ARBITRATION PANEL

Matthew V. Rigg, CFP	-	Public Arbitrator, Presiding Chair
Gordon Keith Grandy	-	Public Arbitrator
R. Christopher Laux	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Matthew V. Rigg, CFP
Public Arbitrator, Presiding Chairperson

Signature Date



Gordon Keith Grandy
Public Arbitrator

July 5, 2003

Signature Date

R. Christopher Laux
Non-Public Arbitrator

Signature Date

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

ARBITRATION PANEL

<i>Matthew V. Rigg, CFP</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Gordon Keith Grandy</i>	-	<i>Public Arbitrator</i>
<i>R. Christopher Laux</i>	-	<i>Non-Public Arbitrator</i>

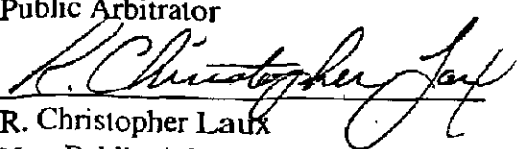
Concurring Arbitrators' Signatures

Matthew V. Rigg, CFP
Public Arbitrator, Presiding Chairperson

Signature Date

Gordon Keith Grandy
Public Arbitrator

Signature Date



R. Christopher Laux
Non-Public Arbitrator

7/14/03

Signature Date

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