

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Founders Equity Securities

Case Number: 02-05816

Name of the Respondents
Gary & Rosario Higgins; and,
Higgins/Garza Cantu Ltd. Partnership

Hearing Site: Dallas, Texas

NATURE OF DISPUTE

Member Firm v. Public Customer

REPRESENTATION OF PARTIES

Claimant Founders Equity Securities, hereinafter referred to as "Claimant": Thomas J. Spackman of Founders Equity Securities, Dallas, Texas.

Respondents Gary & Rosario Higgins ("Higgins") and Higgins/Garza Cantu Ltd. Partnership ("Higgins/Garza"), hereinafter collectively referred to as "Respondents": Garry Higgins of Kennegale, Texas.

CASE INFORMATION

Statement of Claim filed: September 30, 2002.

Claimant signed the Uniform Submission Agreement: September 16, 2002.

Respondents did not file a signed Uniform Submission Agreement or a Statement of Answer.

CASE SUMMARY

Claimant asserted the following causes of action: Respondents failed to pay on promissory notes secured by shares of stock Higgins received for sale of a business. When Respondents failed to make payments, Claimant began selling the stock to pay the interest on the note and provide Higgins with the additional monies he requested. Claimant requested additional collateral to cover the outstanding obligation and the loan is past due and in default.

Respondents did not file a Statement of Answer. At hearing, Respondents denied the allegations made in the Statement of Claim and asserted that based upon Claimant's actions, Respondents owed no sums on the Note.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$882,434.10
Interest	12.5% per annum
Attorneys' Fees	Determined by Panel
Other Costs	Including expert witness fees
Other Monetary/Non-Monetary Relief if any:	If required for collection of this debt

Respondents requested at hearing that the claims be denied and that they receive damages for Claimant's actions.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Gary & Rosario Higgins and Higgins/Garza Cantu Ltd. Partnership did not file a properly executed submission to arbitration with NASD Dispute Resolution, but are required to submit to arbitration pursuant to the Code and pursuant to the Customer Agreement and Cross Collateral and Security Agreement signed by the parties, and having testified at the hearing, are bound by the determination of the Panel on all issues submitted.

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:

1. Respondents Gary & Rosario Higgins and Higgins/Garza Cantu Ltd. Partnership are jointly and severally liable for and shall pay to the Claimant, Founders Equity Securities, the sum of \$665,791.32 as compensatory damages;
2. The parties shall bear their own cost of arbitration, including any attorneys' fees, except for those sums specifically awarded herein;
3. Any and all relief not specifically addressed herein is denied.

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	= \$ 1,250.00
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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. Accordingly, Founders Equity Securities is a party and the following member fees are

assessed:

Member surcharge	= \$ 2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 4,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

June 9, 2003 adjournment by Claimants	= \$ 1,200.00
August 19, 2003 adjournment by Claimants	= \$ 1,500.00

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:

One (1) Pre-hearing session with a single arbitrator @ \$450.00	= \$ 450.00
Pre-hearing conference: October 3, 2003 1 session	

Two (2) Pre-hearing sessions with Panel @ \$1,200.00	= \$ 2,400.00
Pre-hearing conferences: May 15, 2003 1 session	
June 6, 2003 1 session	

Three (3) Hearing sessions @ \$1,200.00	= \$ 3,600.00
Hearing Date(s): August 18, 2003 1 session	
October 6, 2003 2 sessions	

Total Forum Fees	= \$ 6,450.00
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The Panel has assessed \$3,225.00 of the forum fees to Claimant Founders Equity Securities and \$3,225.00 of the forum fees jointly and severally Respondents Gary & Rosario Higgins and Higgins/Garza Cantu Ltd. Partnership.

FEE SUMMARY

Claimant Founders Equity Securities is solely liable for:

Initial Filing Fee	= \$ 1,250.00
Member Fees	= \$ 7,000.00
Forum Fees	= \$ 3,225.00
Total Fees	= \$11,475.00
Less payments	= \$10,200.00
Balance Due NASD Dispute Resolution	= \$ 1,275.00

Respondents Gary & Rosario Higgins and Higgins/Garza Cantu Ltd. Partnership are jointly and severally liable for:

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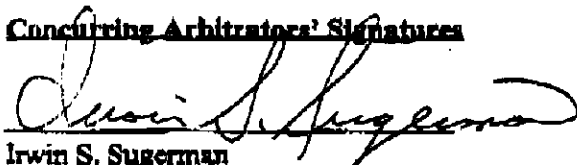
Adjournment Fee	- \$ 2,700.00
Forum Fees	= \$ 3,225.00
Total Fees	= \$ 5,925.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	- \$ 5,925.00

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

ARBITRATION PANEL

Irwin S. Sugerman - Public Arbitrator, Presiding Chairperson
Edwin J. Tomko, Esq. - Public Arbitrator
Diane Muse - Non-Public Arbitrator

Concurring Arbitrators' Signatures



Irwin S. Sugerman
Public Arbitrator, Presiding Chairperson

11-29-03
Signature Date

Edwin J. Tomko, Esq.
Public Arbitrator

Signature Date

Diane Muse
Non-Public Arbitrator

Signature Date

12/1/03 
Date of Service (For NASD Dispute Resolution office use only)

Adjournment Fee	= \$ 2,700.00
Forum Fees	= \$ 3,225.00
Total Fees	= \$ 5,925.00
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Concurring Arbitrators' Signatures

Irwin S. Sugerman
Public Arbitrator, Presiding Chairperson

Signature Date


Edwin J. Tomko, Esq.
Public Arbitrator

Nov. 25, 2003
Signature Date

Diane Muse
Non-Public Arbitrator

Signature Date

12/1/03 
Date of Service (For NASD Dispute Resolution office use only)

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Non-Public Arbitrator


Signature Date


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