

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

William N. DiDonato and William A. DiDonato (Claimants) v. Katie House/Bader, Dirks and Company, Inc., Jessy L. Dirks, and Security Capital Trading, Inc. (Respondents)

Case Number: 03-03035

Hearing Site: New York, New York

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

REPRESENTATION OF PARTIES

Claimants William N. DiDonato ("N. DiDonato") and William A. DiDonato ("A. DiDonato"), hereinafter collectively referred to as "Claimants": Thomas Romans, Esq., Law Office of Thomas Romans, Hackensack, NJ.

Respondent Katie House/Bader ("Bader") appeared *pro se*.

Respondent Security Capital Trading, Inc., ("Security"): Richard J. Babnick, Esq., Sichenzia, Ross, Friedman, Ference LLP, New York, NY.

Respondents Dirks and Company, Inc., ("Dirks") and Jessy L. Dirks ("J. Dirks"), hereinafter collectively referred to as the "Dirks Respondents": Jessy L. Dirks, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: April 22, 2003.

Amended Statement of Claim filed on or about: August 16, 2004.

N. DiDonato signed the Uniform Submission Agreement: March 13, 2003.

A. DiDonato signed the Uniform Submission Agreement: March 20, 2003.

Statement of Answer filed by Bader on or about: March 14, 2004.

Bader signed the Uniform Submission Agreement: March 14, 2004.

Answer, Motion to Dismiss, and Motion for Sanctions for Filing a Frivolous Lawsuit filed by Security on or about: September 11, 2003.

Security did not submit a signed Uniform Submission Agreement.

Statement of Answer and Counterclaim filed by Dirks on or about: December 15, 2003.

Dirks signed the Uniform Submission Agreement: December 15, 2003.

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

CASE SUMMARY

Claimants asserted the following causes of action: unauthorized trading, trading on margin, failure to execute, unsuitability, misrepresentations, and failure to supervise.

Claimants' claims involved Log On America, Inc. common stock and Nexell Therapeutics, Inc.

Unless specifically admitted in her Answer, Bader denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Security denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Dirks denied the allegations made in the Statement of Claim.

In its Counterclaim, Dirks asserted the following cause of action: debit balance.

RELIEF REQUESTED

Claimants requested:

- a. At least \$100,000.00 for N. DiDonato, and \$35,000.00 for A. DiDonato;
- b. All commissions, remunerations, or fees paid to Respondents, disgorgement of any undisclosed insider trading profits realized from the Respondents' sale of Log On America to Claimants at inflated prices and which were obtained by Respondents at nominal prices, such as, without limitation underwriter shares or warrants granted Security;
- c. A reasonable rate of return as if amounts invested in the accounts had been prudently invested in accordance with the needs and stated objectives of the customers; and
- d. Attorneys' fees, costs of these proceedings, and for such other and further relief as the Panel deems fair and equitable.

Respondent Bader requested that the Statement of Claim be dismissed in its entirety, with costs and disbursements, including forum fees, and for such other and further relief as the Panel shall deem just and proper.

Security requested that the Panel grant its Motion to Dismiss, sanction Claimants for filing frivolous lawsuit by awarding Security its attorneys' fees, reimbursement of its member surcharge, and costs, and award such further relief as the Panel deems just, equitable and appropriate.

Dirks requested that Claimants' claims be denied in their entirety and that Claimants be assessed all costs relating to this matter, including any legal fees and fees assessed by NASD.

In its Counterclaim, Dirks requested \$31,357.00 plus interest.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Security did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, is bound by the determination of the Panel on all issues submitted.

Respondent J. Dirks did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and, having appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

On or about March 31, 2004 the Panel conducted a pre-hearing conference to address Respondent Security's Motion to Dismiss. After due deliberation, the Panel granted Security's Motion to Dismiss.

During the hearings Respondents Bader and J. Dirks requested expungement of their CRD records.

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, 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. Claimants' claims are denied in their entirety.
2. Dirks' counterclaim is denied in its entirety.

3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Katie House/Bader'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, Respondent Katie House/Bader must obtain confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.
4. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Jessy L. Dirks'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, Respondent Jessy L. Dirks must obtain confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.
5. 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	= \$ 300.00
Counter claim filing fee	= \$1,000.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Dirks and Company, Inc., and Security Capital Trading, Inc. are parties.

Dirks and Company, Inc.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00

Security Capital Trading, Inc.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

May 25 and 26, 2004 adjournment by Claimant	= \$1,125.00
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April 18-20, 2005 adjournment by Claimant	= \$1,500.00
January 23-25, 2006 adjournment by Claimant	= \$1,500.00
June 6 and 7, 2006 adjournment by Dirks Respondents	= \$1,125.00

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

April 18-20, 2005 adjournment by Claimant	= \$ 300.00
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Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

Two (2) Pre-hearing sessions with Panel @ \$1,125.00	= \$2,250.00
Pre-hearing conferences: March 10, 2004 1 session	
March 31, 2004 1 session	

Four (4) Hearing sessions @ \$1,125.00	= \$4,500.00
Hearing Dates: January 24, 2006 2 sessions	
January 25, 2006 2 sessions	

Total Forum Fees	= \$6,750.00
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1. The Panel has assessed \$3,375.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$3,375.00 of the forum fees jointly and severally against Katie House/Bader, Dirks and Company, Inc., and Jessy L. Dirks.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Adjournment Fee	= \$4,125.00
Three Day Cancellation Fee	= \$ 300.00
Forum Fees	= \$3,375.00
Total Fees	= \$8,100.00
Less payments	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$6,675.00
2. Respondent Security Capital Trading, Inc. is solely liable for:

Member Fees	= \$2,450.00
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Total Fees	= \$2,450.00
<u>Less payments</u>	<u>= \$2,450.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

4. Respondent Dirks and Company, Inc., is solely liable for:

Counterclaim Filing Fee	= \$1,000.00
<u>Member Fees</u>	<u>= \$5,200.00</u>
Total Fees	= \$6,200.00
<u>Less payments</u>	<u>= \$1,450.00</u>
Balance Due NASD Dispute Resolution	= \$4,750.00

5. Respondents Katie House/Bader, Dirks and Company, Inc., and Jessy L. Dirks are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$3,375.00</u>
Total Fees	= \$3,375.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$3,375.00

6. The Dirks Respondents are jointly and severally liable for:

<u>Adjournment Fee</u>	<u>= \$1,125.00</u>
Total Fees	= \$1,125.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$1,125.00

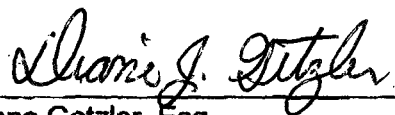
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Diane Getzler, Esq.	-	Public Arbitrator, Presiding Chairperson
Jimmy H. C. Wang	-	Public Arbitrator
Jerry P. DeNigris	-	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 is which is my award.



Diane Getzler, Esq.
Public Arbitrator, Presiding Chairperson

January 26, 2007
Signature Date

Jimmy H. C. Wang
Public Arbitrator

Signature Date

Jerry P. DeNigris
Non-Public Arbitrator

Signature Date

February 1, 2007

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Diane Getzler, Esq.	-	Public Arbitrator, Presiding Chairperson
Jimmy H. C. Wang	-	Public Arbitrator
Jerry P. DeNigris	-	Non-Public Arbitrator

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Diane Getzler, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Jimmy H. C. Wang
Public Arbitrator



Signature Date

Jerry P. DeNigris
Non-Public Arbitrator

Signature Date

February 1, 2007
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

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Jimmy H. C. Wang	-	Public Arbitrator
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Diane Getzler, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Jimmy H. C. Wang
Public Arbitrator

Signature Date



Jerry P. DeNigris
Non-Public Arbitrator

1/31/07

Signature Date

February 1, 2007
Date of Service (For NASD Dispute Resolution use only)