

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Wells Fargo Investments, LLC, Claimant v. Michael Chayes, Respondent

Case Number: 03-03436

Hearing Site: Los Angeles, California

Nature of the Dispute: Member v. Associated Person

REPRESENTATION OF PARTIES

For Claimant:

Ronald S. Kravitz, Esq.
Cindy U. Nguyen, Esq.
Liner Yankelevitz Sunshine & Regenstreif
San Francisco, California

For Respondent:

Leonard Steiner, Esq.
Steiner & Libo
Beverly Hills, California

CASE INFORMATION

Statement of Claim filed: May 8, 2003

Amended Statement of Claim filed: June 3, 2003

Second Amended Statement of Claim filed: March 18, 2005

Claimant's Uniform Submission Agreement signed: January 16, 2003 and March 1, 2005

Statement of Answer and Motion to File Counterclaim filed by Respondent: July 5, 2003

CASE SUMMARY

In the Amended Statement of Claim and Second Amended Statement of Claim, Claimant alleged breach of promissory notes. In the Second Amended Statement of Claim, Claimant changed its name to Wells Fargo Investments, LLC from Wells Fargo Bank, N.A.

Respondent denied the allegations of wrongdoing set forth in the Claimant's Second Amended Statement of Claim and asserted affirmative defenses.

RELIEF REQUESTED

In the Amended Statement of Claim and Second Amended Statement of Claim, Claimant requested \$49,432.77 in compensatory damages, pre-Award interest at 8% per annum, post-Award interest at the legal rate, and costs incurred in connection with the collection of the debt.

Respondent requested dismissal of Claimant's Statement of Claim.

OTHER ISSUES CONSIDERED AND DECIDED

Claimant's Statement of Claim filed on May 8, 2003 was deficient and was not served on Respondent. As such, it is not part of the pleadings in this arbitration. On June 3, 2003, Claimant filed an Amended Statement of Claim and on March 18, 2005, Claimant filed a Second Amended Statement of Claim pursuant to the NASD Code of Arbitration Procedure Rule 10328(a).

Respondent did not file with NASD Dispute Resolution a properly executed submission agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Arbitrator on all issues submitted.

On June 20, 2005, Claimant filed a Motion for Default Judgment or in the Alternative, Motion to Bar Respondent From Presenting any Matter, Defenses, or Arguments at the Hearing. On July 5, 2005, Respondent filed a Motion to File a Counterclaim and an Opposition to Claimant's Motion for Default Judgment. On July 11, 2005, Claimant filed a Reply in support of its Motion for Default Judgment. On August 10, 2005, the Arbitrator and parties held a telephonic pre-hearing conference to hear oral argument on Claimant's Motion for Default Judgment and Respondent's Motion to File a Counterclaim. After due deliberation, the Arbitrator denied Claimant's Motion for Default Judgment and Respondent's Motion to File a Counterclaim.

On June 17, 2003, Claimant Wells Fargo Bank, N.A. and Claimant's counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On March 4, 2005, Claimant Wells Fargo Investments, LLC and Claimant's counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

Pursuant to the Code of Arbitration Procedure IM-10100, the waiver of the Claimant shall constitute and operate as a waiver for all member firms and associated persons (including terminated or otherwise inactive member firms or associated persons) against whom the Claim has been filed.

The parties 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, testimony, and evidence presented at the hearing, the Arbitrator decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimant's claims are denied in their entirety.
- 2) The parties shall bear their respective costs, including attorney's fees.
- 3) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 1,000.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Wells Fargo Investments, LLC is a party and the following fees are assessed:

Member Surcharge	= \$ 875.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 1,000.00</u>
Total Member Fees	= \$ 2,625.00

Accordingly, the member firm Wells Fargo Van Kasper, LLC employed the Respondent at the time of the events giving rise to this dispute and the following fees are assessed:

<u>Member Surcharge</u>	<u>= \$ 875.00</u>
Total Member Fees	= \$ 875.00

Forum Fees and Assessments

The Arbitrator assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Arbitrator. The following fees are assessed:

Three (3) Pre-hearing conference sessions with a single arbitrator @ \$ 450.00/session = \$ 1,350.00

Pre-hearing conferences: June 7, 2005 1 session
 August 10, 2005 1 session
 November 22, 2005 1 session

Two (2) Hearing sessions @ \$450.00/session = \$ 900.00

Hearing: December 12, 2005 2 sessions

Total Forum Fees = \$ 2,250.00

1. The Arbitrator assessed \$1,125.00 of the forum fees to Claimant.
2. The Arbitrator assessed \$1,125.00 of the forum fees to Respondent.

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 2,625.00
Forum Fees	= \$ 1,125.00
<hr/> Total Fees	= \$ 4,750.00
Less payments	= \$ (4,075.00)
<hr/> Balance Due NASD Dispute Resolution	= \$ 675.00

2. Respondent is charged with the following fees and costs:

Forum Fees	= \$ 1,125.00
Less payments	= \$ (0.00)
<hr/> Balance Due NASD Dispute Resolution	= \$ 1,125.00

3. Wells Fargo Van Kasper, LLC is charged with the following fees and costs:

Member Fees	= \$ 875.00
Less payments	= \$ (875.00)
<hr/> Balance Due NASD Dispute Resolution	= \$ 0.00

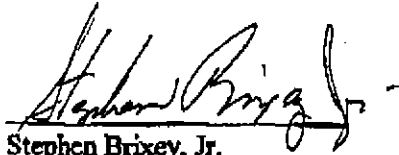
All balances are payable to NASD Dispute Resolution and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

ARBITRATOR

Stephen Brixey, Jr.

Non-Public Arbitrator, Presiding Chair

Arbitrator's Signature



Stephen Brixey, Jr.
Chair, Non-Public Arbitrator

12-13-05

Signature Date

12/13/05

Date of Service