

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimants

Keith Engelbrecht and
Robert C. Waterman

Case Number: 03-03668

Name of the Respondents

M. G. Securities Group, Inc.;
Michael P. Anderson; and,
Mark MacCloskey

Hearing Site: Dallas, Texas

NATURE OF THE DISPUTE

Public Customers v. Terminated Member Firm and Associated Persons

REPRESENTATION OF PARTIES

Claimants Keith Engelbrecht ("Engelbrecht") and Robert C. Waterman ("Waterman"), hereinafter collectively referred to as "Claimants": C. John Scheef, III, Esq. of the firm of Scheef & Stone, L.L.P., located in Dallas, Texas.

Respondents M.G. Securities Group, Inc. ("MGS") and Michael P. Anderson ("Anderson") were represented by Clyde R. Parks, Esq., of the firm of Clyde R. Parks & Associates, P.C., located in Dallas, Texas.

Respondent Mark MacCloskey ("MacCloskey") appeared pro se.

CASE INFORMATION

Statement of Claim filed: May 20, 2003.

Claimants signed the Uniform Submission Agreement: July 30, 2003.

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

CASE SUMMARY

Claimants asserted the following causes of action: breach of letter agreements and fraud in a stock transaction. These causes of action related to Claimants' investment in an entity known as

THOR Ventures and breach of a settlement agreement entered into between the parties.

At hearing, Respondent MacCloskey denied the allegations made in the Statement of Claim.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages (Engelbracht)	\$ 14,275.24
Compensatory Damages (Waterman)	\$ 14,275.24
Punitive/Exemplary Damages	\$ 30,000.00 or as determined by the Panel
Interest	Pre- and post-judgment interest at the statutory rate
Attorneys' Fees	Pursuant to Section 27.01 of the Texas Business & Commerce Code and Chapter 38 of the Texas Civil Practice and Remedies Code
Other Costs	As determined by the Panel
Other Monetary/Non-Monetary Relief if any:	To which the Claimants may show themselves justly entitled.

At hearing, Respondent MacCloskey requested that the Claimants take nothing on the claim.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations on behalf of the Claimants, the undersigned arbitrators determined that Respondent M.G. Securities Group, Inc. was properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondents M. G. Securities Group, Inc., Michael P. Anderson and Mark MacCloskey did not file with NASD Dispute Resolution, a properly executed submission to arbitration but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

On or about May 10, 2004, Respondent Michael P. Anderson filed a bankruptcy case under Chapter 7 of the United States Bankruptcy Code. Pursuant to the filing, all actions against Respondent Anderson were stayed and the panel made no determination of the claims against this Respondent.

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. Respondent Mark MacCloskey is liable for and shall pay to Claimant Keith Engelbrecht the sum of \$6,570.83 in actual damages, plus interest at the rate of 6% per annum accruing from 30 days after service of the award until the sum is paid in full;
2. In addition, Respondent Mark MacCloskey is liable for and shall pay to Claimant Robert C. Waterman the sum of \$6,570.83 in actual damages, plus interest at the rate of 6% per annum accruing from 30 days after service of the award until the sum is paid in full;
3. Furthermore, Respondent Mark MacCloskey is liable for and shall pay to Claimant Keith Engelbrecht the sum of \$3,600.00 as attorneys' fees and the sum of \$3,600.00 in attorneys' fees to Claimant Robert C. Waterman;
4. Respondent M.G. Securities Group, Inc. is liable for and shall pay to Claimant Keith Engelbrecht the sum of \$9,856.24 in actual damages, plus interest at the rate of 6% per annum accruing from 30 days after service of the award until the sum is paid in full;
5. In addition, Respondent M.G. Securities Group, Inc. is liable for and shall pay to Claimant Robert C. Waterman the sum of \$9,856.24 in actual damages, plus interest at the rate of 6% per annum accruing from 30 days after service of the award until the sum is paid in full;
6. Furthermore, Respondent M.G. Securities Group, Inc. is liable for and shall pay to Claimant Keith Engelbrecht the sum of \$5,400.00 as attorneys' fees and the sum of \$5,400.00 in attorneys' fees to Claimant Robert C. Waterman;
7. In deciding to award attorneys' fees to the Claimants, the Panel considered the arguments, pleadings and evidence presented by the parties, and determined that authority existed for an award of attorneys' fees to the Claimants;
8. The parties shall bear their own costs of arbitration, including any additional attorneys' fees, except for those sums specifically enumerated in this award; and,
9. Any and all relief not specifically addressed herein, including punitive damages, 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

= \$ 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 persons at the time of the events giving rise to the dispute. Accordingly, M. G. Securities Group, Inc. is a party and the following member fees were assessed:

Member surcharge	= \$ 1,100.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 1,700.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed: None.

Forum Fees and Assessments

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

Two (2) Pre-hearing sessions with Panel @ \$750.00	= \$ 1,500.00
Pre-hearing conferences: February 16, 2004 1 session	
February 27, 2004 1 session	
Two (2) Hearing sessions @ \$750.00	= \$ 1,500.00
Hearing Dates: June 14, 2004 2 sessions	
Total Forum Fees	= \$ 3,000.00

The Panel has assessed \$1,500.00 of the forum fees, jointly and severally, to Claimants Keith Engelbrecht and Robert C. Waterman, and the remaining \$1,500.00 the forum fees, jointly and severally, to Respondents M. G. Securities Group, Inc. and Mark MacCloskey.

FEE SUMMARY

Claimants Keith Engelbrecht and Robert C. Waterman are jointly and severally liable for:

Initial Filing Fee	= \$ 225.00
Forum Fees	= \$ 1,500.00
Total Fees	= \$ 1,725.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$ 750.00

Respondents M. G. Securities Group, Inc. and Mark MacCloskey are jointly and severally liable for:

Forum Fees	= \$ 1,500.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,500.00

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

ARBITRATION PANEL

Tina E. Patterson - Public Arbitrator, Presiding Chairperson
Frank Daniel Montana - Public Arbitrator
R. Theodore Mooch, Jr. - Non-Public Arbitrator

Concurring Arbitrator's Signatures

Tim E Patterson

Tina E. Patterson
Public Arbitrator, Presiding Chairperson

7/12/04
Signature Date

Frank Daniel Montana
Public Arbitrator

Signature Date

R. Theodore Mook, Jr.
Non-Public Arbitrator

Signature Date

7/15/04 *slm*
Date of Service (For NASD Dispute Resolution office use only)

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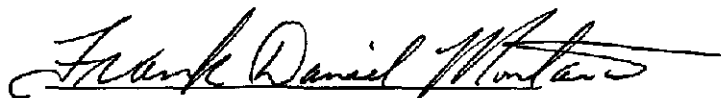
ARBITRATION PANEL

Tina E. Patterson - Public Arbitrator, Presiding Chairperson
Frank Daniel Montana - Public Arbitrator
R. Theodore Moock, Jr. - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Tina E. Patterson
Public Arbitrator, Presiding Chairperson

Signature Date



Frank Daniel Montana
Public Arbitrator

07-05-04

Signature Date

R. Theodore Moock, Jr.
Non-Public Arbitrator

Signature Date

7/15/04 New

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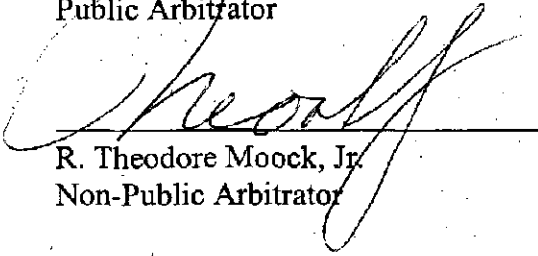
Concurring Arbitrators' Signatures

Tina E. Patterson
Public Arbitrator, Presiding Chairperson

Signature Date

Frank Daniel Montana
Public Arbitrator

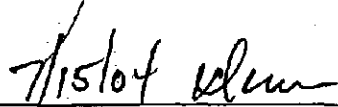
Signature Date



R. Theodore Moock, Jr.
Non-Public Arbitrator



Signature Date



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