

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:
Catherine Santistevan and Joe Santistevan, Claimants v. United Securities Alliance,
Inc. and Francisco Galvan, Respondents

United Securities Alliance, Inc., Cross-Claimant v. Francisco Galvan, Cross-
Respondent

Case Number: 04-06937

Hearing Site: San Francisco, California

Nature of the Dispute: Customers v. Member and Associated Person
Member v. Associated Person

REPRESENTATION OF PARTIES

For Claimants:

David D. Cheng
Mayall, Hurley, Knutsen,
Smith & Green
Stockton, California

For Respondent and Cross-Claimant
United Securities Alliance, Inc. ("USA"):

Carla B. Minckley
Birge & Minckley, P.C.
Denver, Colorado

For Respondent and Cross-Respondent
Francisco Galvan:

Francisco Galvan
Stockton, California

CASE INFORMATION

Statement of Claim filed: September 28, 2004

Claimants' Opposition to Respondent USA's Motion to Dismiss Claims of Joe
Santistevan filed: October 21, 2005

Claimants' Uniform Submission Agreement signed: September 14, 2004

Respondent USA's Motion to Dismiss Claims of Joe Santistevan and Answer to Claims
of Catherine Santistevan and Cross-Claim Against Francisco Galvan filed: December
8, 2004

Respondent and Cross-Claimant USA's Uniform Submission Agreement signed: November 2, 2004

Respondent Francisco Galvan's Answer to Claimants' Statement of Claim and Joinder in Motion to Dismiss filed: October 5, 2005

Respondent and Cross-Respondent Francisco Galvan's Uniform Submission Agreement signed: October 7, 2005

CASE SUMMARY

Claimants alleged material misrepresentation, joint and several liability of material assistants, negligence, elder abuse and constructive fraud. Claimants' dispute involved investments in promissory notes from Internet Ventures, Inc. ("IVI") and The Dilligent Group ("TDG").

Respondent USA denied Claimants' allegations of wrongdoing and denied any liability to Claimants. Respondent USA also asserted affirmative defenses.

In its Cross-Claim, Respondent USA alleged that to the extent USA is found liable to Claimants, USA is entitled to full indemnification from Francisco Galvan and further alleged that USA is entitled to contribution from Mr. Galvan pursuant to applicable law.

Respondent Francisco Galvan adopted as his Answer to the Statement of Claim filed by Claimants, the Answer and Affirmative Defenses dated December 8, 2004, filed by Respondent USA. Additionally, Mr. Galvan joined Respondent USA in its Motion to Dismiss Claims of Joe Santistevan.

RELIEF REQUESTED

Claimants requested:

1. Damages in the amount of \$460,642.94 regarding the IVI Note plus daily interest thereon in the amount of \$89.64 from September 7, 2004;
2. Damages in the amount of \$62,386.85 regarding the TDG Note plus daily interest thereon in the amount of \$13.15 from September 7, 2004;
3. Punitive damages in the amount of \$10,000,000.00; and
4. Costs, expenses, and attorneys fees.

Respondent USA requested:

1. That the claims of Joe Santistevan be dismissed summarily;
2. That all claims against Respondent USA be dismissed with prejudice;
3. That Respondent Galvan be ordered to indemnify and/or reimburse USA for any and all losses incurred in connection with Claimants' claims, including attorneys' fees and costs; and
4. That USA be awarded its costs, expert witness fees and attorney fees and such other and further relief as the Panel deems proper.

OTHER ISSUES CONSIDERED AND DECIDED

On November 10, 2005, the Panel reviewed and considered the positions of the parties relative to Respondents' Motion to Dismiss Claims of Joe Santistevan. The Panel denied the Motion without prejudice.

On or about June 6, 2006, the Panel was advised that Claimants settled their dispute with Respondent USA and dismissed Respondent USA from this matter with prejudice.

On January 19, 2007, the Panel reviewed and considered Respondent USA's Motion to Dismiss Without Prejudice, Cross-Claim Against Francisco Galvan. The Panel granted the Motion.

Respondent Francisco Galvan did not appear at the evidentiary hearing in this matter. Pursuant to Rule 10318 of the NASD Code of Arbitration Procedure ("Code"), the Panel determined that Respondent Galvan received proper notice of the hearing and ruled to proceed in Respondent Galvan's absence.

The parties present at hearing 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 Panel decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Francisco Galvan is liable for and shall pay to Claimants the sum of \$436,872.45, inclusive of prejudgment interest.
2. Claimants' claims for punitive damages are denied.
3. Each party shall bear its own costs, including attorneys' fees.

4. All other relief 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	= \$600.00
Cross-Claim filing fee	= \$5,000.00

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, USA is a party and the following fees are assessed:

Member Surcharge	= \$ 3,750.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 5,500.00
Total Member Fees	= \$10,000.00

Adjournment Fees

The following adjournment fees are assessed:

The Panel granted Claimants and Respondent USA's request to postpone the May 9-11, 2006, hearing dates and waived the \$1,200.00 postponement fee.

Forum Fees and Assessments

The Panel 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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

(1) Pre-hearing conference session with a single arbitrator			
@ \$450.00/session		=	\$450.00
Pre-hearing conference:	October 6, 2006	1 session	

(3) Pre-hearing conference sessions with the Panel			
@ \$1,200.00/session			= \$3,600.00
Pre-hearing conferences:	September 23, 2005	1 session	
	September 29, 2005	1 session	
	November 10, 2005	1 session	
(1) Hearing session @ \$1,200.00/session			= \$1,200.00
Hearing Date:	January 24, 2007	1 session	
Total Forum Fees			= \$5,250.00

The Panel assessed the \$5,250.00 in forum fees to Respondent Francisco Galvan.

Fee Summary

1. Claimants Catherine Santistevan and Joe Santistevan are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 600.00
<u>Less Payments</u>	= \$(1,800.00)
Refund Due Claimants	= \$(1,200.00)
2. Respondent USA is charged with the following fees and costs:

Cross-Claim Filing Fee	= \$ 5,000.00
<u>Member Fees</u>	= \$ 10,000.00
<u>Total Fees</u>	= \$ 15,000.00
<u>Less Payments</u>	= \$(16,200.00)
Refund Due USA	= \$(1,200.00)
3. Respondent Francisco Galvan is charged with the following fees and costs:


Forum Fees	= \$ 5,250.00
<u>Less Payments</u>	= \$(0.00)
Balance Due NASD-DR	= \$ 5,250.00

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

ARBITRATION PANEL

Helen B. Culiner, Esq.	-	Public Arbitrator, Presiding Chair
Darryl J. Horowitz, Esq.	-	Public Arbitrator
James Conrad Riewerts	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Helen B. Culiner, Esq.
Chair, Public Arbitrator

1/30/07

Signature Date

Darryl J. Horowitz, Esq.
Public Arbitrator

Signature Date

James Conrad Riewerts
Non-Public Arbitrator

Signature Date

1/30/07

Date of Service

ARBITRATION PANEL

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Darryl J. Horowitz, Esq.	-	Public Arbitrator
James Conrad Riewerts	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Helen B. Culiner, Esq.
Chair, Public Arbitrator



Signature Date

1/26/07

Signature Date

Darryl J. Horowitz, Esq.
Public Arbitrator

James Conrad Riewerts
Non-Public Arbitrator

Signature Date

1/30/07

Date of Service

ARBITRATION PANEL

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James Conrad Riewerts	-	Non-Public Arbitrator

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Chair, Public Arbitrator

Signature Date

Darryl J. Horowitz, Esq.
Public Arbitrator

Signature Date



James Conrad Riewerts
Non-Public Arbitrator



Signature Date

1/30/07
Date of Service