

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Franklin D. and Bonnie C. Johnson JTWROS

Case Number: 04-07564

Name of the Respondent

Sterne, Agee & Leach, Inc.

Hearing Site: Memphis, Tennessee

Nature of the Dispute: Customers vs. Member.

REPRESENTATION OF PARTIES

Claimants, Franklin D. and Bonnie C. Johnson JTWROS, hereinafter collectively referred to as "Claimants", represented themselves in this matter.

Respondent, Sterne, Agee & Leach, Inc. ("Sterne Agee"), hereinafter referred to as "Respondent", was represented by Julie Wilson Portera, Esq., Maynard Cooper & Gale, PC, Birmingham, Alabama.

CASE INFORMATION

Statement of Claim filed on October 29, 2004.

Claimants signed the Uniform Submission Agreement on October 25, 2004.

Statement of Answer filed by Respondent on March 3, 2005.

A representative of Respondent signed the Uniform Submission Agreement on March 4, 2005.

Motion to Dismiss filed by Respondent on March 3, 2005.

Claimants filed a response to Respondent's Motion to Dismiss on July 6, 2005.

CASE SUMMARY

In the Statement of Claim, Claimants asserted the following causes of action, among others: misrepresentations, omission of facts, manipulations, and defamation. The causes of action relate to the purchase and sale of Kafus common stock, Network Event Theater common stock, and Convergent common stock.

Unless specifically admitted in its Statement of Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses, among others: assumption of the risk; Claimants' claims are barred by the doctrines of waiver, ratification, laches and estoppel; Claimants' claims are barred by the statute of limitations; and failure to mitigate damages.

RELIEF REQUESTED

Claimants in the Statement of Claim requested:

Compensatory Damages \$ 225,000.00

Respondent requested that the Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

On December 22, 2005, the Arbitration Panel (the "Panel") granted Respondent's Motion to Dismiss with prejudice.

AWARD

After considering the pleadings, motions and responses thereto, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims are dismissed with prejudice in their entirety;
2. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and
3. Any and all relief not specifically addressed herein is denied in its entirety.

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

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, Respondent is a party.

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

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:

Three (3) Pre-hearing sessions with Panel @ \$ 1,125.00	= \$ 3,375.00
Pre-hearing conferences: May 18, 2005 1 session	
August 16, 2005 1 session	
December 21, 2005 1 session	
<hr/> Total Forum Fees	<hr/> = \$ 3,375.00

1. The Panel has assessed \$ 1,687.50 of the forum fees jointly and severally to Claimants.
2. The Panel has assessed \$ 1,687.50 of the forum fees to Respondent.

Fee Summary

1. Claimants are jointly and severally assessed and shall pay:	
Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 1,687.50
Total Fees	= \$ 1,987.50
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 562.50
2. Respondent is assessed and shall pay:	
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 1,687.50
Total Fees	= \$ 6,887.50
Less payments	= \$ 5,950.00
Balance Due NASD Dispute Resolution	= \$ 937.50

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

ARBITRATION PANEL

Edward M. Kaplan, Esq.	-	Public Arbitrator, Presiding Chairperson
Prince C. Chambliss, Jr., JD	-	Public Arbitrator, Panelist
Cary Allen	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures



Edward M. Kaplan, Esq.
Public Arbitrator, Presiding Chairperson

1/5/2006

Signature Date

Prince C. Chambliss Jr., JD
Public Arbitrator, Panelist

Signature Date

Cary Allen
Non-Public Arbitrator, Panelist

Signature Date

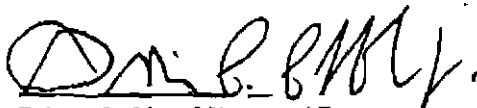
January 6, 2006

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

Concurring Arbitrators' Signatures

Edward M. Kaplan, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Prince C. Chambliss, Jr., JD
Public Arbitrator, Panelist

1/4/06
Signature Date

Cary Allen
Non-Public Arbitrator, Panelist

Signature Date

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Signature Date



Cary Allen
Non-Public Arbitrator, Panelist

1/4/06

Signature Date

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