

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Michael T. Anderson, Eric G. Christenson, and Reach Financial Group, LLC, Claimants v. Robert W. Nichols, Stephan R. Pene, S. L. Reed & Company, and Windward Capital Management, Respondents

Case Number: 05-02152

Hearing Site: Los Angeles, California

Nature of the Dispute: Associated Persons and Non-Member v. Associated Persons, Member, and Non-Member

REPRESENTATION OF PARTIES

For Claimants Michael T. Anderson,
Eric G. Christenson, and Reach Financial Group, LLC
("Claimants"):

Laurie J. Butler, Esq.
Tourtelot & Butler
Los Angeles, California

For Respondents Robert W. Nichols,
Stephan R. Pene, and S. L. Reed & Company
("Respondents"):

Dan Dik, Esq.
Fonda & Frasier, LLP
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: April 21, 2005

Claimants' Joint Uniform Submission Agreement filed: April 21, 2005

Joint Statement of Answer filed by Respondents: June 21, 2005

Motion to Dismiss filed by Respondents: October 6, 2005

Memorandum of Points and Authorities and Declarations of Eric Christenson and Laurie J. Butler in Opposition to Respondents' Motion to Dismiss filed by Claimants: October 18, 2005

Reply in Support of Motion to Dismiss filed Respondents: October 27, 2005

CASE SUMMARY

Claimants alleged breach of contract, intentional interference with contractual relations, violation of NASD and SEC rules, and failure to supervise. Claimants' allegations involved the breach of a confidential settlement agreement entered into by Claimants and Respondents S. L. Reed & Company, and Windward Capital Management.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested declaratory relief regarding the rights and obligations of Claimants as to disclosure of customer and related information arising under the settlement agreement; a permanent injunction against Respondents from seeking to cause the wrongful disclosure of the Claimants' confidential customer information by third parties; unspecified compensatory damages; interest; and costs, including attorney's fees.

Respondents requested dismissal of the Claimants' Statement of Claim in its entirety, and costs, including attorney's fees.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Robert W. Nichols, Stephan R. Pene, and S. L. Reed & Company did not file with NASD Dispute Resolution a properly executed submission agreement but are required to submit to arbitration pursuant to the Code and, having answered the claim, and having appeared at the pre-hearing on this Motion to Dismiss, are bound by the determination of the Panel on all issues submitted.

Windward Capital Management is not a member of NASD and did not submit to arbitration with NASD Dispute Resolution.

On May 7, 2005, Claimants and Claimants' 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 waivers of the Claimants 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, and hearing oral argument on Respondents' Motion to Dismiss, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondents' Motion to Dismiss is granted.
- 2) Claimants' Statement of Claim is dismissed with prejudice.
- 3) The parties shall bear their respective costs, including attorney's fees.
- 4) 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	= \$ 250.00
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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 S. L. Reed & Company is a party and the following fees are assessed:

Member Surcharge	= \$1,500.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$2,200.00</u>
Total Member Fees	= \$4,450.00

Forum Fees and Assessments

The Panel 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 Chair/Panel. The following fees are assessed:

One (1) Pre-hearing conference session with a single arbitrator @ \$ 450.00/session	= \$ 450.00
Pre-hearing conference: October 26, 2005 1 session	

Two (2) Pre-hearing conference sessions with the Panel @ \$1,000.00/session	= \$2,000.00
Pre-hearing conferences: August 9, 2005 1 session	
October 31, 2005 1 session	

Total Forum Fees	= \$2,450.00
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1. The Panel assessed \$1,225.00 of the forum fees jointly and severally to Michael T. Anderson, Eric G. Christenson, and Reach Financial Group, LLC
2. The Panel assessed \$1,225.00 of the forum fees jointly and severally to Respondents Robert W. Nichols, Stephan R. Pene, S. L. Reed & Company.

Fee Summary

1. Claimants Michael T. Anderson, Eric G. Christenson, and Reach Financial Group, LLC are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 250.00
<u>Forum Fees</u>	<u>= \$ 1,225.00</u>
Total Fees	= \$ 1,475.00
<u>Less payments</u>	<u>= \$(1,250.00)</u>
Balance Due NASD Dispute Resolution	= \$ 225.00

2. Respondent S. L. Reed & Company is charged with the following fees and costs:

Member Fees	= \$ 4,450.00
<u>Less payments</u>	<u>= \$(4,450.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents Robert W. Nichols, Stephan R. Pene, S. L. Reed & Company are charged jointly and severally with the following fees and costs:

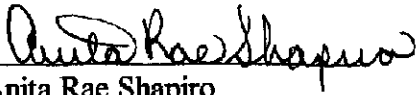
<u>Forum Fees</u>	<u>= \$ 1,225.00</u>
Balance Due NASD Dispute Resolution	= \$ 1,225.00

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.

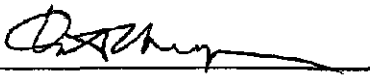
ARBITRATION PANEL

<i>Anita Rae Shapiro</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Kirtley M. Thiesmeyer</i>	-	<i>Public Arbitrator</i>
<i>Curtis H. Baer</i>	-	<i>Non-Public Arbitrator</i>

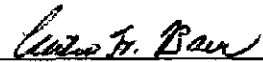
Concurring Arbitrators' Signatures


Anita Rae Shapiro
Chair, Public Arbitrator

10/31/05
Signature Date


Kirtley M. Thiesmeyer
Public Arbitrator

31 OCT 2005
Signature Date


Curtis H. Baer
Non-Public Arbitrator

10/31/05
Signature Date

10/31/05
Date of Service