

**Award  
NASD Dispute Resolution**

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**In the Matter of the Arbitration Between:**

**Name of the Claimant**  
Southwest Securities, Inc.

**Case Number:** 05-03336

**Name of the Respondent**  
Edward Frederick Sport, IV

**Hearing Site:** Dallas, Texas

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**NATURE OF THE DISPUTE**

Member Firm vs. Associated Person

**REPRESENTATION OF PARTIES**

Claimant Southwest Securities, Inc., hereinafter referred to as "Claimant": John E. Dees, Jr., Esq., located in Trinidad, Texas.

Respondent Edward Frederick Sport, IV, hereinafter referred to as "Respondent": Appeared pro se.

**CASE INFORMATION**

Statement of Claim filed: June 30, 2005.

Claimant signed the Uniform Submission Agreement: June 29, 2005.

Claimant's Motion to Bar filed on or about: September 7, 2005.

Claimant's Reply to Respondent's Response to the Motion to Bar and Amended Answer filed: January 16, 2006.

Statement of Answer filed by Respondent on: August 30, 2005.

Respondent signed the Uniform Submission Agreement: September 20, 2005.

Respondent's Response to the Motion to Bar and Amended Answer filed: November 15, 2005.

**CASE SUMMARY**

Claimant asserted the following causes of action: non-payment of Promissory Notes entered into in connection with Respondent's employment with Claimant.

Unless specifically admitted in his Answer, Respondent denied the allegations made in the Statement of Claim and asserted that he was wrongfully terminated.

### **RELIEF REQUESTED**

Claimant Southwest Securities, Inc. requested:

Compensatory Damages	\$94,306.07 representing the sum due on two Promissory Notes
Interest	The lesser of the highest lawful rate or the current Southwest Securities, Inc.'s margin rate
Attorneys' Fees	Per the terms of the Notes
Other Monetary/Non-Monetary Relief if any:	Expenses and costs incurred in recovery of the sums due.

Respondent Edward Frederick Sporl, IV requested that the Claim be dismissed.

### **OTHER ISSUES CONSIDERED AND DECIDED**

In regard to Claimant's Motion to Bar, the Panel by its Order of November 15, 2005 deferred its decision and allowed further pleading. Claimant was to notify the NASD April 16, 2006 if it wished to reassert the Motion. It did not reassert the Motion and therefore, the Motion is denied.

### **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 Edward Frederick Sporl, IV is liable for and shall pay to the Claimant, Southwest Securities, Inc., the sum of \$86,252.00 as compensatory damages on the Promissory Notes dated December 12, 2003 and March 9, 2005, the payment being due on or before the 30<sup>th</sup> day after service of this Award;
2. If payment is not received within 30 days of service of the Award, interest on the sum of \$86,252.00 shall accrue at the Federal Bank Prime rate in effect on the 31<sup>st</sup> day after service of the award until the sum is paid in full;
3. The parties shall bear their own costs of arbitration, including any attorneys' fees, except for those sums specifically enumerated herein; and,
4. Any and all relief not specifically addressed herein 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	= \$ 1,000.00
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### 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, Southwest Securities, Inc. is a party and the following member fees are 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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel @ \$750.00	= \$ 750.00
Pre-hearing Date: November 14, 2005      1 session	
Two (2) Hearing sessions @ \$750.00	= \$ 1,500.00
Hearing Date: May 16, 2006      2 sessions	
<u>Total Forum Fees</u>	<u>= \$ 2,250.00</u>

The Panel has assessed \$1,125.00 of the forum fees to the Claimant, Southwest Securities, Inc., and the remaining \$1,125.00 of the forum fees to the Respondent, Edward Frederick Sport, IV.

### **FEE SUMMARY**

Claimant Southwest Securities, Inc. is solely liable for:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 3,550.00
Forum Fees	= \$ 1,125.00
<u>Total Fees</u>	<u>= \$ 5,675.00</u>
<u>Less payments</u>	<u>= \$ 5,300.00</u>
Balance Due NASD Dispute Resolution	= \$ 375.00

Respondent Edward Frederick Spori, IV is solely liable for:

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

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

ARBITRATION PANEL

Irwin S. Sugerman - Public Arbitrator, Presiding Chairperson  
Martha Z. Ralstin - Public Arbitrator  
Chester E. Young - Non-Public Arbitrator

Concurring Arbitrators' Signatures

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Irwin S. Sugerman  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Martha Z. Ralstin  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Chester E. Young  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

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

NASD Dispute Resolution  
Arbitration No. 05-03336  
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Respondent Edward Frederick Sport, IV is solely liable for:

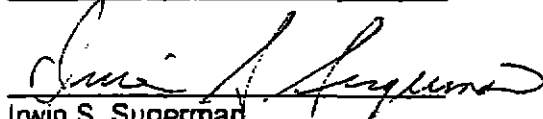
Forum Fees	= \$ 1,125.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,125.00

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Irwin S. Sugerman  
Public Arbitrator, Presiding Chairperson

5-20-06  
Signature Date

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Martha Z. Ralstin  
Public Arbitrator

\_\_\_\_\_  
Signature Date

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Chester E. Young  
Non-Public Arbitrator

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Signature Date

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NASD Dispute Resolution  
Arbitration No. 05-03336  
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Respondent Edward Frederick Sport, IV is solely liable for:

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Less payments	= \$ 0.00
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Signature Date

  
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Public Arbitrator

5/22/06  
Signature Date

Chester E. Young  
Non-Public Arbitrator

Signature Date

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Respondent Edward Frederick Spori, IV is solely liable for:

Forum Fees	= \$ 1,125.00
<u>Less payments</u>	<u>= \$ 0.00</u>
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