

**AWARD**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Name of Claimant/Counter-Respondent

Jeffrey L. Lightfoot

vs.

Case Number: 05-05147  
Hearing Site: Dallas, Texas

Names of Respondents/Counterclaimants

Southwest Texas Capital, LLC, f/k/a  
BrokerDeals.com, Inc. and  
BrokerDeals.com, LLC; and,  
Charles Lee Gallamore

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**NATURE OF THE DISPUTE**

Associated Person vs. Member and Associated Person

**REPRESENTATION OF PARTIES**

Jeffrey L. Lightfoot ("Lightfoot") was represented by Melissa A. Mitchell, Esq., Figari & Davenport, L.L.P., Dallas, Texas.

Southwest Texas Capital, LLC ("STC"), f/k/a BrokerDeals.com, Inc. and BrokerDeals.com, LLC, and Charles Lee Gallamore ("Gallamore"), hereinafter collectively referred to as "Respondents", were represented by Phillip W. Offill, Jr., Esq., Godwin Gruber, LLP, Dallas, Texas.

**CASE INFORMATION**

The Statement of Claim was filed on or about October 3, 2005. The Submission Agreement of Lightfoot was signed on or about September 29, 2005.

The Statement of Answer was filed by Respondents STC and Gallamore on or about December 14, 2005. The Submission Agreement of Respondent STC was signed on or about December 12, 2005 by Charles L. Gallamore, Managing Partner. The Submission Agreement of Respondent Gallamore was signed on or about December 12, 2005.

**CASE SUMMARY**

Claimant asserted the following causes of action: breach of contract; breach of fiduciary

duty; breach of promissory notes; declaratory judgment pursuant to Chapter 37 of the Texas Civil Practice and Remedies Code; and, violation of Texas and Oklahoma statutes for failure to produce corporate records. The causes of action related to the alleged violation of an employment and ownership agreement entered into by the parties and the Respondents' failure to pay several promissory notes executed by Respondents in return for loans made by Claimant.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the parties had agreed to a resolution of their various agreements on November 21, 2003 as part of Claimant's termination from BrokerDeals.com; Claimant was properly terminated because he refused to obtain the necessary principal qualifications, refused to perform the work he agreed to perform and misappropriated Respondents' funds; and Claimant's equity ownership interest was procured in conjunction with the issuance of each Promissory Note in a matter that violates provisions of the Texas usury statutes.

In the Counterclaim, Respondents asserted the following causes of action: failure to repay a duplicate reimbursement of expenses; failure to pay for the purchase of a computer; and, reimbursement for sums Respondents paid to recover and replace electronic data claimed allegedly removed from Respondents' computers.

Unless specifically admitted in his Answer, Lightfoot denied the allegations made in the Counterclaim and asserted affirmative defenses including the following: Respondents' claims are barred, in whole or in part, by the applicable Statute of Limitations; Respondents' conduct described in the Statement of Claim estops them from obtaining any of the relief they seek; Respondents' waived or ratified any misconduct they allege of Claimant; any recovery by Respondents must be offset or reduced by the amounts they owe Claimant; and, any wrongful conduct alleged of Claimant is excused by Respondents' breach of fiduciary duties to Claimant and breach of Agreement.

### **RELIEF REQUESTED**

Lightfoot requested an award in the amount of:

Actual/Compensatory Damages	\$372,819.87
Treble Damages	\$745,638.58
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

In the Counterclaim, Respondents requested an award in the amount of:

Actual/Compensatory Damages	\$ 19,879.82
Attorneys' Fees	Unspecified
Other Costs	Unspecified

### **OTHER ISSUES CONSIDERED & DECIDED**

The Panel finds that Claimant, Jeffrey L. Lightfoot, was properly terminated by the manager of the firm. All commission overrides, salary and benefits as an employee are terminated as of the date of termination pursuant to the language of the Form U-5.

The parties have 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, the testimony, and the evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondents/Counter-Claimants Southwest Texas Capital, LLC, f/k/a BrokerDeals.com, Inc. and BrokerDeals.com, LLC, and Charles Lee Gallamore are jointly and severally liable for and shall pay to Claimant/Counter-Respondent, Jeffrey L. Lightfoot, the sum of \$179,529.83 in compensatory damages under the agreement with Respondents;
- 2.) Claimant/Counter-Respondent Jeffrey L. Lightfoot is liable for and shall pay to Respondents/Counter-Claimants BrokerDeals.com, Inc. and BrokerDeals.com, LLC, n/k/a Southwest Texas Capital, LLC the sum of \$1,252.61 in compensatory damages for the Counterclaim;
- 3.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 4.) Any relief not specifically enumerated, including treble damages and attorneys' fees, is hereby denied with prejudice.

### **FEES**

Pursuant to the Code, the following fees are assessed:

### **Filing Fees**

NASD Dispute Resolution will retain the non-refundable filing fees for each claim:

Initial Claim filing fee	= \$ 500.00
Counterclaim filing fee	= \$ 750.00

### **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. In this matter, the member firm is Southwest Texas Capital, LLC.

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

### **Adjournment Fees**

Adjournments granted during these proceedings:

September 12, 2006 adjournment requested by Lightfoot	= \$ 1,200.00
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### **Three-Day Cancellation Fees**

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

September 12, 2006 adjournment requested by Lightfoot	= \$ 300.00
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### **Forum Fees and Assessments**

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

One (1) Pre-hearing session with a single arbitrator x \$450.00	= \$ 450.00
Pre-hearing conference: September 12, 2006 1 session	
One (1) Pre-hearing session with Panel x \$1,200.00	= \$ 1,200.00
Pre-hearing conference: April 10, 2006 1 session	

Three (3) Hearing sessions x \$1,200.00	= \$ 3,600.00
Hearing Dates: September 13, 2006 2 sessions	
September 14, 2006 1 session	
<hr/> Total Forum Fees	<hr/> = \$ 5,250.00

The Panel has assessed \$2,625.00 of the forum fees to the Claimant, Jeffrey L. Lightfoot.

The Panel has assessed \$2,625.00 of the forum fees jointly and severally to Southwest Texas Capital, LLC, f/k/a BrokerDeals.com, Inc. and BrokerDeals.com, LLC and Charles Lee Gallamore.

### **FEE SUMMARY**

Claimant/Counter-Respondent Jeffrey L. Lightfoot is liable for:

Initial Filing Fee	= \$ 500.00
Adjournment Fee	= \$ 1,200.00
Three-Day Cancellation Fee	= \$ 300.00
Forum Fees	= \$ 2,625.00
<hr/> Total Fees	<hr/> = \$ 4,625.00
Less payments	= \$ 1,700.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$ 2,925.00

Respondent Southwest Texas Capital, LLC, f/k/a BrokerDeals.com, Inc. and BrokerDeals.com, LLC is liable for:

Member Fees	= \$ 8,550.00
<hr/> Total Fees	<hr/> = \$ 8,550.00
Less payments	= \$ 8,550.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$ 0.00

Respondents Southwest Texas Capital, LLC, f/k/a BrokerDeals.com, Inc. and BrokerDeals.com, LLC and Charles Lee Gallamore are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 750.00
Forum Fees	= \$ 2,625.00
<hr/> Total Fees	<hr/> = \$ 3,375.00
Less payments	= \$ 1,200.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$ 2,175.00

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

**ARBITRATION PANEL**

Ned B. Young – Non-Public Arbitrator, Presiding Chair  
Ronald G. Johnson - Non-Public Arbitrator  
Melody A. Pruser - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

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Ned B. Young  
Non-Public Arbitrator, Presiding Chair

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Signature Date

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Ronald G. Johnson  
Non-Public Arbitrator

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Signature Date

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Melody A. Pruser  
Non-Public Arbitrator

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Signature Date

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Date of Service (For NASD office use only)

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Arbitration No. 08-05147  
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Melody A. Pruser - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Ned B. Young  
Ned B. Young  
Non-Public Arbitrator, Presiding Chair

9/26/06  
Signature Date

Ronald G. Johnson  
Ronald G. Johnson  
Non-Public Arbitrator

Signature Date

Melody A. Pruser  
Melody A. Pruser  
Non-Public Arbitrator

Signature Date

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NASD Dispute Resolution  
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Award Page 6 of 6

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Signature Date

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Non-Public Arbitrator

9/26/06  
Signature Date

Melody A. Pruser  
Non-Public Arbitrator

Signature Date

9/26/06 *MP*  
Date of Service (For NASD office use only)



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Non-Public Arbitrator, Presiding Chair

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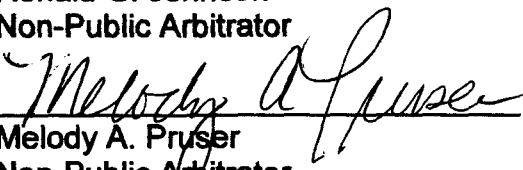
Signature Date

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Ronald G. Johnson  
Non-Public Arbitrator

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Signature Date

  
Melody A. Pruser  
Non-Public Arbitrator

9/28/06  
Signature Date

9/26/06 mcm  
Date of Service (For NASD office use only)