

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Richard E. Kota, Individually and for his IRA (Claimants) v. HSBC Securities (USA) Inc.
f/d/b/a HSBC Brokerage (USA) Inc., and Theresa M. Smith (Respondents)

Case Number: 05-5308

Hearing Site: Buffalo, New York

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

Claimants Richard E. Kota, Individually and for his IRA hereinafter referred to as
"Claimants": Robert A. Dean, Esq., The Dean Law Firm, P.C., Grand Island, NY.

Respondents HSBC Securities (USA), Inc. f/d/b/a HSBC Brokerage (USA) Inc.,
("HSBC") and Theresa M. Smith ("Smith") hereinafter referred to as "Respondents":
Tracy Sendor Woodrow, Esq., HSBC Securities (USA) Inc., Buffalo, NY.

CASE INFORMATION

Statement of Claim filed on or about: October 11, 2005.

Claimant signed the Uniform Submission Agreement: November 1, 2005.

Statement of Answer filed by Respondents on or about: January 24, 2006.

Respondent HSBC signed the Uniform Submission Agreement: January 24, 2006.

Respondent Smith signed the Uniform Submission Agreement: January 24, 2006.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract, breach of
fiduciary duty, fraud and misrepresentation, failure to supervise, violation of General
Business Law § 349. The causes of action relate to unspecified securities.

Unless specifically admitted in their Answer, Respondents denied the allegations made in
the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$90,000 plus interest,
statutory damages and reasonable attorneys' fees pursuant to General Business Law §
349 and such other relief as the interests of justice and equity may require.

OTHER ISSUES CONSIDERED AND DECIDED

At the hearing, Claimants orally amended their claims to reduce their request for damages to \$85,000.00.

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

1. Respondent HSBC is liable for and shall pay to Claimant compensatory damages in the amount of \$36,500.00 plus interest at the rate of nine percent per annum from January 1, 2005 until August 1, 2006.
2. 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	= \$ 225.00
--------------------------	-------------

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, HSBC Securities (USA) Inc. is a party.

Member surcharge	= \$1,100.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$1,700.00

Forum Fees and Assessments

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

One (1) Decision on discovery-related motion on the papers with (1) one arbitrator @ \$200.00	= \$ 200.00
Respondent submitted (one) discovery-related motion	
One (1) Pre-hearing session with Panel @ \$750.00	= \$ 750.00

Pre-hearing conference: April 11, 2006 1 session

Five (5) Hearing sessions @ \$750.00 per session = \$3,750.00

Hearing Dates: July 11, 2006 2 sessions

July 12, 2006 2 sessions

July 13, 2006 1 session

Total Forum Fees = \$4,700.00

1. The Panel has assessed \$2,350.00 of the forum fees to Claimants, jointly and severally.
2. The Panel has assessed \$2,350.00 of the forum fees to Respondent HSBC.

Fee Summary

1. Claimants is solely liable for:

Initial Filing Fee = \$ 225.00

Forum Fees = \$2,350.00

Total Fees = \$2,575.00

Less payments = \$ 975.00

Balance Due NASD Dispute Resolution = \$1,600.00

2. Respondent HSBC is solely liable for:

Member Fees = \$3,550.00

Forum Fees = \$2,350.00

Total Fees = \$5,900.00

Less payments = \$3,550.00

Balance Due NASD Dispute Resolution = \$2,350.00

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

ARBITRATION PANEL

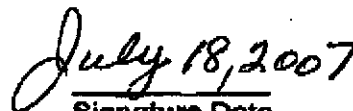
Richard A. Scalfani	-	Non-Public Arbitrator, Presiding Chairperson
George Massik	-	Public Arbitrator
Kathleen Fay Smith, Esq.	-	Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.

Concurring Arbitrators' Signatures



Richard A. Scalfani
Non-Public Arbitrator, Presiding Chairperson



Signature Date

George Massik
Public Arbitrator

Signature Date

Kathleen Fay Smith, Esq.
Public Arbitrator

Signature Date

July 20, 2006

Date of Service (For NASD Dispute Resolution use only)

NASD Dispute Resolution
Arbitration No. 05-06308
Award Page 4 of 4

ARBITRATION PANEL

Richard A. Scalfani	-	Non-Public Arbitrator, Presiding Chairperson
George Massik	-	Public Arbitrator
Kathleen Fay Smith, Esq.	-	Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.

Concurring Arbitrators' Signatures

Richard A. Scalfani
Non-Public Arbitrator, Presiding Chairperson

Signature Date

George Massik
Public Arbitrator

Signature Date


Kathleen Fay Smith, Esq.
Public Arbitrator

July 17, 2006
Signature Date

July 20, 2006

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL


Richard A. Scalfani	-	Non-Public Arbitrator, Presiding Chairperson
George Massik	-	Public Arbitrator
Kathleen Fay Smith, Esq.	-	Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.

Concurring Arbitrators' Signatures

Richard A. Scalfani
Non-Public Arbitrator, Presiding Chairperson

Signature Date



George Massik
Public Arbitrator



Signature Date

Kathleen Fay Smith, Esq.
Public Arbitrator

Signature Date

July 20, 2006
Date of Service (For NASD Dispute Resolution use only)