

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 05-06350

Eleanor C. Henley
Carlee J. Henley
Bonnie Lisk
Myron Barbee
Lorene Easley
Elizabeth Davis
Netherlan Davis
Mary Smith
Jan Cameron
William W. Roberts
William E. Roberts
Lloyd Easley
Steven Gordon
Eugene A. Blackwell
Elizabeth Blackwell
Mildred Price
George Price
Archie Jordan

Name of Respondent

Hearing Site: Charlotte, North Carolina

Walnut Street Securities

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Eleanor C. Henley, Carlee J. Henley, Bonnie Lisk, Myron Barbee, Lorene Easley, Elizabeth Davis, Netherlan Davis, Mary Smith, Jan Cameron, William W. Roberts, William E. Roberts, Lloyd Easley, Steven Gordon, Eugene A. Blackwell, Elizabeth Blackwell, Mildred Price, George Price and Archie Jordan, hereinafter collectively referred to as "Claimants": John S. Chapman, Esq., John S. Chapman & Associates, LLC, Cleveland, Ohio.

For Walnut Street Securities ("Walnut Street"), hereinafter referred to as "Respondent": Jeff Jamieson, Esq. and Carrie Bechtold, Esq., Blackwell Sanders Peper Martin, LLP, St. Louis, Missouri.

CASE INFORMATION

Statement of Claim filed on or about: December 13, 2005.

Claimants Eleanor C. Henley, Carlee J. Henley and Bonnie Lisk signed the Uniform

Submission Agreements: December 1, 2005.

Claimant Myron Barbee signed the Uniform Submission Agreement: December 11, 2005.

Claimant Lorene Easley signed the Uniform Submission Agreement: December 16, 2005.

Claimant Elizabeth Davis signed the Uniform Submission Agreement: December 19, 2005.

Claimants Netherlan Davis and Mary Smith signed the Uniform Submission Agreements: December 23, 2005.

Claimant Jan Cameron signed the Uniform Submission Agreement: December 29, 2005.

Claimant William W. Roberts signed the Uniform Submission Agreement: January 3, 2006.

Claimants Lloyd Easley, George Price and Mildred Price signed the Uniform Submission Agreements: January 4, 2006.

Claimant William E. Roberts signed the Uniform Submission Agreement: January 16, 2006.

Claimants Eugene A. Blackwell and Elizabeth Blackwell signed the Uniform Submission Agreements: January 26, 2006.

Claimant Steven Gordon signed the Uniform Submission Agreement: February 2, 2006.

Claimant Archie Jordon signed the Uniform Submission Agreement: April 6, 2006.

Respondent Walnut Street signed the Uniform Submission Agreement: January 23, 2006.

Claimants' Supplement to their Statement of Claim filed on or about: January 4, 2006.

Answer to Claimants' Statement of Claim and Supplement to Their Statement of Claim filed by Respondent on or about: February 21, 2006.

Claimants' Second Amended Statement of Claim filed on or about: March 10, 2006.

Respondent's Answer to Claimants' Statement of Claim, Supplement to Their Statement of Claim and Second Amended Statement of Claim filed on or about: June 23, 2006.

Motion to Dismiss filed by Respondent on or about: June 23, 2006.

Claimants' Motion to Strike Respondent's June 23, 2006 Motion to Dismiss filed on or about: June 27, 2006.

Respondent's Response to Claimants' Motion to Strike filed on or about: June 30, 2006.

Respondent's Reply in Support of Motion to Dismiss filed on or about: September 6, 2006.

Claimants' Surreply Brief in Opposition to Respondent's Motion to Dismiss filed on or about: September 27, 2006.

CASE SUMMARY

Claimants asserted the following causes of action: fraud; misrepresentation; omission of facts; failure to supervise; and, breach of fiduciary duty. The causes of action relate to Claimants' purchases of ETS Payphone and/or Web Booth Internet Kiosk securities.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$1,212,750.00; unspecified punitive damages; pre-judgment interest from the date of investment; post judgment interest at the highest legal rate to the date the award is paid; costs, including reasonable attorneys' fees and consulting fees; and, any other and further relief as the undersigned arbitrators (the "Panel") deemed just and proper.

Respondent did not specifically delineate a relief request in its Answer. However, Respondent simultaneously filed a Motion to Dismiss, wherein Respondent requested that Claimants' Statement of Claim, as amended, be dismissed, with prejudice.

OTHER ISSUES CONSIDERED AND DECIDED

On or about June 23, 2006, the Panel issued an Order denying Claimants' Motion to Strike Respondent's Motion to Dismiss and directed Claimants to file a response to Respondent's Motion to Dismiss no later than September 1, 2006.

On or about October 2, 2006, the Panel conducted a pre-hearing telephonic conference to hear oral argument on Respondent's Motion to Dismiss. After hearing the arguments of counsel and considering the Motion, Briefs, Reply, Surreply and Supplemental Authorities presented by the parties, the Panel denied Respondent's Motion to Dismiss.

During the evidentiary hearing, on or about October 14, 2006, Claimants moved to modify their punitive damage request to a specified amount of \$5,000,000.00. The Panel denied Claimants' request.

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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable on the claim of failure to supervise. Respondent shall pay to Claimants compensatory damages in the amount of \$1,051,851.40, plus interest at the rate of 8% from the date the claim was filed until the month prior to the receipt of payment of the Award.

Respondent is liable and shall pay to Claimants costs in the amount of \$15,290.71.

Respondent shall pay to Claimant the sum of \$500.00, representing reimbursement of the non-refundable claim filing fee previously paid by Claimants to NASD Dispute Resolution.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages and attorneys' fees, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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	= \$ 500.00
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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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent Walnut Street is a member firm and a party.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$5,000.00</u>
Total Member Fees	= \$8,550.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were incurred in this matter.

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:

No three-day cancellation fees were incurred in this matter.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

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 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 the Panel @ \$1,200.00/session = \$ 3,600.00
Pre-hearing conferences: May 23, 2006 1 session
October 2, 2006 1 session
October 9, 2006 1 session

Ten (10) Hearing sessions @ \$1,200.00/session = \$12,000.00
Hearing Dates: October 9, 2006 1 session
October 10, 2006 2 sessions
October 11, 2006 2 sessions
October 12, 2006 2 sessions
October 13, 2006 2 sessions
October 14, 2006 1 session

Total Forum Fees = \$15,600.00

The Panel has assessed the total forum fees of \$15,600.00 to Respondent.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative relief fees were incurred in this matter.

Fee Summary

Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 500.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent is solely liable for:

Member Fees	= \$ 8,550.00
<u>Forum Fees</u>	= \$15,600.00
<u>Total Fees</u>	= \$24,150.00
<u>Less payments</u>	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$15,600.00

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

ARBITRATION PANEL

N. John Garcia	-	Public Arbitrator, Presiding Chairperson
Celeste A. Beron, JD	-	Public Arbitrator
Wendy J. Reyner	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
N. John Garcia
Public Arbitrator, Presiding Chairperson

October 19, 2006
Signature Date

/s/
Celeste A. Béron, JD
Public Arbitrator

October 19, 2006
Signature Date

/s/
Wendy J. Reyner
Non-Public Arbitrator

October 19, 2006
Signature Date

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

Concurring Arbitrators' Signatures



N. John Garcia
Public Arbitrator, Presiding Chairperson

10/19/06
Signature Date

Celeste A. Beron, JD
Public Arbitrator

Signature Date

Wendy J. Reyner
Non-Public Arbitrator

Signature Date

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

10/19/06

NO. 001 007

No. 3390 P. 8/8

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Concurring Arbitrators' Signatures

N. John Garcia
Public Arbitrator, Presiding Chairperson

Signature Date


Celeste Anderson, JD
Public Arbitrator

Signature Date

Wendy J. Reyner
Non-Public Arbitrator

Signature Date

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

Arbitration No. 06-06350

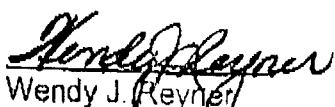
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N. John Garcia
Public Arbitrator, Presiding Chairperson

Signature Date

Celeste A. Beron, JD
Public Arbitrator

Signature Date


Wendy J. Reyner
Non-Public Arbitrator

10/19/2006
Signature Date

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