

180-201

AWARD

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimant

Padula Living Trust

v.

Arbitration No.

95-03098

Name of Respondents

Brokers Investment Corp., Norman Shubert, Daniel Steinberg, Martin May, Jeffrey Lobel, William Rossi, Raymond Niesslein, Thomas Shubert, Sovereign Capital Group, Inc., Sovereign Capital Group of Nevada, Sovereign Investment Corporation and Sovereign Capital Group of California, Inc.

REPRESENTATION

For Claimant:

Ricki C. Ring, Esq.
Jay R. Stein, Esq.
Law Offices of Ricki C. Ring
Los Angeles, California

For Respondent Jeffrey Lobel:

Jeffrey Lobel
In pro per
Westlake Village, California

For Respondent William Rossi:

William Rossi
In pro per
Quartz Hill, California

For Respondent Raymond Niesslein:

Raymond Niesslein
In pro per
Missoula, Montana

For Respondent Thomas Shubert:

Thomas Shubert
In pro per
Calabasas, California

CASE INFORMATION

Statement of Claim filed:	June 21, 1995
Amendment to Statement of Claim filed:	December 4, 1996
Claimant's Submission Agreement signed:	May 31, 1995
Statement of Answer filed by Respondent William Rossi:	October 5, 1995
Respondent William Rossi's Submission Agreement signed:	October 5, 1995
Statement of Answer filed by Respondent Raymond Niesslein:	January 27, 1997
Statement of Answer filed by Respondent Jeffrey Lobel:	October 7, 1995
Statement of Answer filed by Respondent Thomas Shubert:	February 28, 1997

HEARING INFORMATION

Pre-Hearing Conference Dates/Sessions:	April 30, 1996 (1 session) July 19, 1996 (1 session) August 20, 1996 (1 session) March 3, 1997 (1 session) March 11, 1997 (1 session) May 8, 1997 (1 session) November 7, 1997 (1 session)
Hearing Dates/Sessions:	October 7, 1997 (2 sessions) October 8, 1997 (2 sessions) October 9, 1997 (2 sessions) November 19, 1997 (2 sessions) December 9, 1997 (2 sessions) December 10, 1997 (2 sessions) December 11, 1997 (2 sessions) December 29, 1997 (2 sessions) February 24, 1998 (2 sessions) February 25, 1998 (1 session)
Hearing Location:	Los Angeles, California

CASE SUMMARY

Claimant alleged Respondents committed breach of contract, breach of fiduciary duty, fraud, conspiracy, negligence, negligent supervision, elder abuse and recommended unsuitable investments to Claimant.

Respondents denied Claimant's claims in their entirety.

RELIEF REQUESTED

Claimant sought \$561,772.00 in compensatory damages, interest at the legal rate on all compensatory damages up to the date of the arbitration hearing, punitive damages, attorney's fees and costs.

Respondents sought dismissal of Claimant's Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the original remains on file with the NASD Regulation, Inc., Office of Dispute Resolution.

On August 19, 1996, the arbitration panel granted Claimant's Motion to Bar Answers and Presentation of Evidence against Respondents Brokers Investment Corporation, Norman Shubert and Daniel Steinberg.

On May 8, 1997, the arbitration panel granted Claimant's Motion to Bar Answers and Presentation of Evidence against Respondents Martin May, Sovereign Capital Group, Inc., Sovereign Capital Group of California, Sovereign Capital Group of Nevada and Sovereign Investment Corporation.

During the hearing itself, only Respondents Lobel, Niesslein, Thomas Shubert and Rossi appeared and participated. However, the arbitration panel proceeded against all Respondents after it determined that proper service had been made as to all Respondents. Additionally, Claimant dismissed with prejudice all claims of liability against Respondent Jeffrey Lobel based on an alleged partnership with Respondent Rossi while the two were employed at Brokers Investment Corporation.

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Norman Shubert, Daniel Steinberg, Martin May, Brokers Investment Corporation, Sovereign Capital Group, Inc., Sovereign Capital Group of California, Inc., Sovereign Capital Group of Nevada and Sovereign Investment Corporation (jointly and severally) are liable to and shall pay Claimant the sum of \$696,000.00 in compensatory damages (inclusive of interest).
2. Claimant's claims against Respondents William Rossi, Jeffrey Lobel, Thomas Shubert and Raymond Niesslein are denied in their entirety.
3. Claimant's claims for punitive damages are denied.
4. Each party shall bear its/his own costs including attorney's fees.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following forum fees are assessed:

One (1) Single Arbitrator Pre-Hearing Conference @ \$300.00/Session	= \$ 300.00
Six (6) Full Panel Pre-Hearing Conferences @ \$1,000.00/Session	= \$ 6,000.00
<u>Nineteen (19) Hearing Sessions @ \$1,000.00/Session</u>	<u>= \$19,000.00</u>
Total Forum Fees Assessed	= \$25,300.00
Claimant's Assessment	= \$11,000.00
<u>Claimant's Credit for Hearing Session Deposit</u>	<u>= (\$1,000.00)</u>
Claimant's Balance Due	= \$10,000.00

Respondents Norman Shubert, Daniel Steinberg, Martin May, Brokers Investment Corporation, Sovereign Capital Group, Inc., Sovereign Capital Group of California, Inc., Sovereign Capital Group of Nevada and Sovereign Investment Corporation's (jointly and severally) Assessment = \$14,300.00

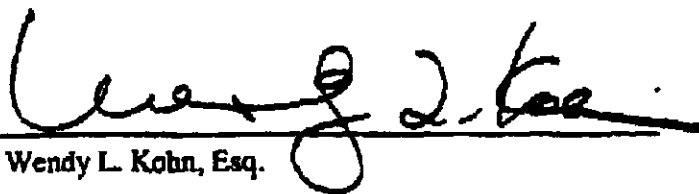
Respondents Norman Shubert, Daniel Steinberg, Martin May, Brokers Investment Corporation, Sovereign Capital Group, Inc., Sovereign Capital Group of California, Inc., Sovereign Capital Group of Nevada and Sovereign Investment Corporation's (jointly and severally) Balance Due = \$14,300.00

Fees are payable to NASD Regulation, Inc.

ARBITRATORS

<u>Name</u>	<u>Arbitrators</u>
Wendy L. Kohn, Esq.	Public Arbitrator
George L. Rosen	Industry Arbitrator
Robert S. Granas	Public Arbitrator

Concurring Arbitrators' Signatures


Wendy L. Kohn, Esq.

George L. Rosen

Robert S. Granas

Date of Service: _____

ARBITRATORS

<u>Name</u>	<u>Arbitrators</u>
Wendy L. Kohn, Esq.	Public Arbitrator
George L. Rosen	Industry Arbitrator
Robert S. Granas	Public Arbitrator

Concurring Arbitrators' Signatures

Wendy L. Kohn, Esq.

George L. Rosen

George L. Rosen

Robert S. Granas

Date of Service: _____

ARBITRATORS

<u>Name</u>	<u>Arbitrators</u>
Wendy L. Kohn, Esq.	Public Arbitrator
George L. Rosen	Industry Arbitrator
Robert S. Granas	Public Arbitrator

Concurring Arbitrators' Signatures

Wendy L. Kohn, Esq.

George L. Rosen


Robert S. Granas

Date of Service: MARCH 23, 1998