

AWARD

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimant

Everen Securities, Inc.

v.

Arbitration No.

96-04205

Name of Respondents

James D. Rollerson

Joseph G. Gerace

REPRESENTATION

For Claimant:

Dianne C. Fischer, Esq.
Gomberg Kane & Fisher, Ltd.
Chicago, Illinois

For Respondent

James D. Rollerson:

James D. Rollerson
In Pro Per
Santa Monica, California

For Respondent

Joseph G. Gerace:

H. Thomas Fehn, Esq.
Fields, Fehn & Sherwin
Los Angeles, California

CASE INFORMATION

Statement of Claim filed against James D. Rollerson:	September 20, 1996
Claimant's Submission Agreement signed:	September 14, 1996
Statement of Claim filed against Joseph G. Gerace:	September 25, 1996
Claimant's Submission Agreement signed:	September 24, 1996
Amended Statement of Claim filed against Joseph G. Gerace:	January 8, 1997
Statement of Answer filed by Respondent James D. Rollerson:	November 18, 1996
Statement of Answer filed by Respondent Joseph G. Gerace:	November 18, 1996
Respondent James D. Rollerson's Submission Agreement signed:	November 21, 1996
Respondent Joseph G. Gerace's Submission Agreement signed:	December 9, 1996

HEARING INFORMATION

Pre Hearing Conference Dates / Sessions:	March 5, 1997 (1 Session) May 30, 1997 (1 Session)
Hearing Dates / Sessions:	January 13, 1997 (2 Sessions)
Hearing Location:	Los Angeles, California

CASE SUMMARY

Claimant alleged that Respondent James D. Rollerson breached a promissory note agreement between Respondent and Everen Securities, Inc. f/k/a Kemper Securities, Inc.

Claimant alleged that Respondent Joseph G. Gerace breached a promissory note agreement between Respondent and Everen Securities, Inc. f/k/a Kemper Securities, Inc.

Respondent James D. Rollerson denied each and every allegation of wrongdoing set forth in the Claimant's Statement of Claim.

Respondent Joseph G. Gerace denied each and every allegation of wrongdoing set forth in the Claimant's Statement of Claim.

RELIEF REQUESTED

As to its claims against James D. Rollerson: Claimant requested \$15,000.00 in compensatory damages. Claimant requested 7% interest accrued on the Note between September 11, 1995 to December 20, 1995. Claimant also requested 9% interest accrued on the Note between December 21, 1995 to January 14, 1998. Claimant additionally requested attorneys' fees and costs.

As to its claims against Joseph G. Gerace: Claimant requested \$52,039.50 in compensatory damages. Claimant requested 7% interest accrued on the Note between September 11, 1995 to December 20, 1995. Claimant also requested 9% interest accrued on the Note between December 21, 1995 to January 14, 1998. Claimant further requested damages for unreimbursed taxes which Claimant paid on Respondent's behalf relating to the September 10, 1995 forgiveness under the terms of the notes. Claimant additionally requested attorneys fees and costs.

Respondent James D. Rollerson requested that the Arbitration Panel dismiss the Claimant's claim in its entirety and award Respondent costs and attorneys' fees.

Respondent Joseph G. Gerace requested that the Arbitration Panel dismiss the Claimant's claim in its entirety and award Respondent costs and attorneys' fees.

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.

1) On March 6, 1996 case 96-04268 Everen Securities, Inc. v. Joseph G. Gerace, was consolidated into case 96-04205.

2) The January 7, 1998 order is corrected to read:

- (a) Respondents James D. Rollerson and Joseph G. Gerace are jointly and severally liable for the \$600.00 postponement fee for the adjournment of the June 10 to June 12, 1997 hearing dates as indicated under the January 7, 1998
- (b) Points (3) and (4) are combined as follows:
Sanctions are awarded against Respondents James D. Rollerson and Joseph G. Gerace jointly and severally in the amount of \$1,500.00. Sanctions are payable to Claimant Everen Securities, Inc.

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) James D. Rollerson is liable and shall pay to the Claimant:

(a) Principal Balance on the Promissory Note dated 08/19/1994:	\$15,000.00
(b) Interest at 7% Accrued from 09/11/1995 to 12/20/1995:	\$290.88
(c) Interest at 9% accrued on the balance due and owing under the Note from 12/21/95 through 01/14/1998:	\$2789.80
(d) Attorneys' Fees as provided for in the Promissory Note:	\$6,190.40
TOTAL AMOUNT:	\$24,271.08

2) Joseph G. Gerace is liable and shall pay to the Claimant:

(a) Principal Balance on the Promissory Note dated 08/19/1994:	\$52,039.50
(b) Interest at 7% Accrued from 09/11/1995 to 12/04/1995:	\$848.30
(c) Interest at 9% accrued on the balance due and owing under the Note from 12/21/95 through 01/14/1998:	\$9,891.93
(d) Unreimbursed taxes paid on the Respondent's behalf relating to the 09/10/1995 forgiveness under the terms of the Note:	\$2,448.28
(e) Attorney's Fees as provided for in the Promissory Note:	\$22,336.78
TOTAL AMOUNT:	\$87,564.79

FORUM FEES

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

One Pre-Hearing Conference Session @ \$600.00 / Session on March 5, 1997	= \$600.00
One Pre-Hearing Conference Session @ \$600.00 / Session on May 30, 1997	= \$600.00
<u>Two Hearing Sessions @ \$600.00 / Session</u>	<u>= \$1,200.00</u>
Total Fees	= \$2,400.00

Total Fees Assessed Against Respondents Jointly and Severally:

One-half of the cost for the March 5, 1997 Pre-Hearing Conference	= \$300.00
The full cost of the May 30, 1997 Pre-Hearing Conference	= \$600.00
<u>One-Half cost of the January 13, 1997 Hearing Sessions</u>	<u>= \$600.00</u>
Total Fees Due and Owing Jointly and Severally from the Respondents	= \$1,500.00

Total Fees Assessed Against Claimant:

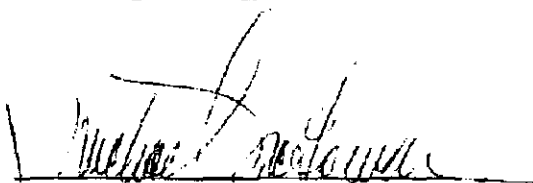
One-half of the cost for the March 5, 1997 Pre-Hearing Conference	= \$300.00
One-Half cost of the January 13, 1997 Hearing Sessions	= \$600.00
<u>Credit Hearing Session Deposit</u>	<u>= \$600.00</u>
Total Fees Due and Owing from the Claimant	= \$300.00

Fees are payable to NASD Regulation, Inc.

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Michael McGowan, J.D.	Industry Arbitrator
Leo Rotter, J.D.	Industry Arbitrator
Gregory Gates	Industry Arbitrator

Concurring Arbitrators' Signatures


Michael McGowan, J.D.

Leo Rotter, J.D.

Gregory Gates

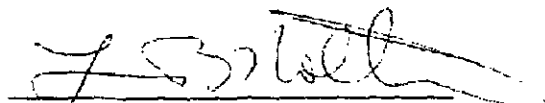
Date of Service: _____

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Michael McGowan, J.D.	Industry Arbitrator
Leo Rotter, J.D.	Industry Arbitrator
Gregory Gates	Industry Arbitrator

Concurring Arbitrators' Signatures

Michael McGowan, J.D.



Leo Rotter, J.D.

Gregory Gates

Date of Service: _____

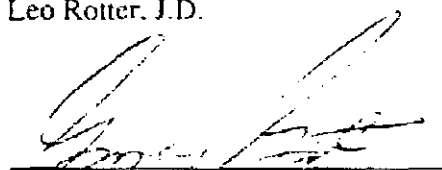
ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Michael McGowan, J.D.	Industry Arbitrator
Leo Rotter, J.D.	Industry Arbitrator
Gregory Gates	Industry Arbitrator

Concurring Arbitrators' Signatures

Michael McGowan, J.D.

Leo Rotter, J.D.



Gregory Gates

Date of Service: JANUARY 29, 1998