

Final Order
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Franchise Development Corporation, (Claimant) vs. Sovereign Equity Management Corp., Thomas Hands, William Clark, Joseph Cosoleto, First Southwest Company, John Curran, Matthew Mauriello, Joseph Giordano, and Robert Carlin, (Respondents)

Case Number: 96-05655

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant Franchise Development Corporation, hereinafter referred to as "Claimant": Charles E. Rose, Esq., DeFeis O'Connell & Rose, PC, New York, NY.

Respondents Sovereign Equity Management Corp. ("Sovereign") and Thomas Hands ("Hands"): H. Thomas Fehn, Esq., Fields, Fehn & Sherwin, Los Angeles, CA.

Respondent Joseph Cosoleto ("Cosoleto"): Michael F. Bachner, Esq. and David A. Gehn, Esq., Law Offices of Michael F. Bachner, New York, NY.

Respondents First Southwest Company ("FSC") and John Curran ("Curran"): Ariane D. Austin, Esq., Akin, Gump, Strauss, Hauer & Feld, L.L.P., New York, NY.

Respondents William Clark ("Clark"), Matthew Mauriello ("Mauriello"), Joseph Giordano ("Giordano"), and Robert Carlin ("Carlin"), did not enter appearances in this matter.

CASE INFORMATION

Statement of Claim filed on or about: December 16, 1996.

Amended Statement of Claim filed on or about: September 18, 1997.

Claimant signed the Uniform Submission Agreement: February 18, 1997.

Joint Statement of Answer filed by Sovereign and Hands on or about: April 15, 1997.

Sovereign signed the Uniform Submission Agreement: April 15, 1997.

Hands signed the Uniform Submission Agreement: April 15, 1997.

Statement of Answer and Motion to Dismiss filed by Cosoleto on or about: May 14, 1997.

Cosoleto did not sign a Uniform Submission Agreement.

Joint Statement of Answer filed by FSC and Curran on or about: April 24, 1997.

FSC signed the Uniform Submission Agreement: April 24, 1997.

Curran signed the Uniform Submission Agreement: April 24, 1997.

Clark did not file a Statement of Answer or sign a Uniform Submission Agreement.

Mauriello did not file a Statement of Answer or sign a Uniform Submission Agreement.

Giordano did not file a Statement of Answer or sign a Uniform Submission Agreement.

Carlin did not file a Statement of Answer or sign a Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract; gross negligence; conversion; fraud; breach of fiduciary duty; and unauthorized trading. Claimant's claim involved the stock of Java Centrale.

Unless specifically admitted in their Answer, Sovereign and Hands denied the allegations made in the Statement of Claim and asserted the following defenses: Sovereign has done nothing wrong with respect to Claimant's account; Respondents acted on the instructions of their customer through its chief executive officer; and Hands is not in any way liable for the events which are the subject of this claim.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$255,000.00, plus punitive damages in an amount to be determined by the Panel, attorneys' fees, costs, interest, and such other and further relief as the Panel deems proper.

Sovereign and Hands requested that all claims against them be dismissed in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated July 21, 1997, Claimant advised NASD Dispute Resolution, Inc. that it was dismissing its claims against Respondent Cosoleto.

By letter dated September 10, 1997, Claimant advised NASD Dispute Resolution, Inc. that it was dismissing its claims against Respondents FSC and Curran.

By letters dated August 10, 1999 and October 30, 2001, the parties were asked to provide NASD Dispute Resolution, Inc. with a status of the above-referenced arbitration. In said letters, Claimant was instructed to confer with Respondents and provide mutually agreeable dates for the rescheduling of the hearing in this matter. To date, NASD Dispute Resolution, Inc. has not received responses to either letter. Accordingly, the Panel has decided to dismiss this arbitration in its entirety, without prejudice.

Cosoleto, Clark, Mauriello, Giordano, and Carlin did not file with NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure and are bound by the determination of the Panel on all issues submitted.

The parties have agreed that the Final Order in this matter may be executed in counterpart copies or that a handwritten, signed Final Order may be entered.

DECISION

After considering the pleadings, as well as the parties' failure to respond to NASD Dispute Resolution, Inc.'s requests for a status of this matter, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims are hereby dismissed in their entirety, without prejudice.
2. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 200.00
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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 firms that employed the associated persons at the time of the events giving rise to the dispute. In this matter, Sovereign Equity Management Corp. and First Southwest Company are parties.

Sovereign Equity Management Corp.

Member surcharge	= \$ 350.00
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First Southwest Company

Member surcharge	= \$ 350.00
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Adjournment Fees

Adjournments requested during these proceedings:

March 17 & 18, 1998, adjournment by Sovereign and Hands = \$ 750.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing 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 Panel x \$750.00 = \$ 750.00

Pre-hearing conference: September 3, 1997 1 session

Total Forum Fees = \$ 750.00

The Panel has assessed all of the forum fees against Claimant.

Fee Summary

1. Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 200.00
<u>Forum Fees</u>	= \$ 750.00
Total Fees	= \$ 950.00
<u>Less payments</u>	= \$ 950.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

2. Sovereign be and hereby is solely liable for:

<u>Member Fees</u>	= \$ 350.00
Total Fees	= \$ 350.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 350.00

3. FSC be and hereby is solely liable for:

<u>Member Fees</u>	= \$ 350.00
Total Fees	= \$ 350.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 350.00

4. Sovereign and Hands be and hereby are jointly and severally liable for:

<u>Adjournment Fee</u>	= \$ 750.00
Total Fees	= \$ 750.00
<u>Less payments</u>	= \$ 0.00

Balance Due NASD Dispute Resolution, Inc. = \$ 750.00


All balances are due and payable to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Joseph J. Arata, Esq.	-	Public Arbitrator, Presiding Chair
Howard L. Mandell, Esq.	-	Public Arbitrator
Mary A. Dubas	-	Industry Arbitrator

Concurring Arbitrators' Signatures

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.



Joseph J. Arata, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Howard L. Mandell, Esq.
Public Arbitrator

Signature Date

Mary A. Dubas
Industry Arbitrator

Signature Date

February 7, 2002
Date of Service (For NASD office use only)

ARBITRATION PANEL

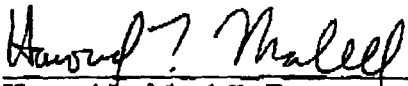
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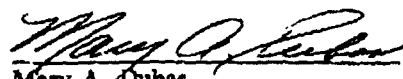
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