

NASD Regulation, Inc. AWARD

In the Matter of the Arbitration Between

Name of Claimant

Steve and Kootela Collins

and

97-00066

Name of Respondent

Stratton Oakmont, Inc.
Biltmore Securities, Inc.
J.B. Oxford & Company
Steven Barkoff
Adam Friedland
Edward Hull
Jordan Belfort
Kenneth Greene
Daniel Porush
Jordan Shamah
Andrew Greene
Steven Sanders

REPRESENTATION OF PARTIES

Steve and Kootela Collins ("Claimants") were represented by Joseph J. Dehner, Esq., Frost & Jacobs, Cincinnati, Ohio.

Adam Friedland ("Respondent Friedland") did not appear at the hearing.

Daniel Porush ("Respondent Porush") did not appear at the hearing.

CASE INFORMATION

The Statement of Claim was filed on or about January 6, 1997. Amended Statement of Claim was filed on or about April 30, 1997. Second Amended Statement of Claim was filed on or about July 21, 1997. Submission Agreement of Claimants Steve and Kootela Collins was signed on December 26, 1996.

Statement of Answer was filed by Respondent Adam Friedland on or about March 3, 1997.

Statement of Answer was filed by Respondent Daniel Porush on or about July 2, 1997. Submission Agreement of Daniel Porush was signed on July 2, 1997.

HEARING INFORMATION

A pre-hearing conference was held on October 1, 1997 for one (1) session with all Arbitrators participating. The hearing was held on July 21, 1998 for two (2) sessions in Cincinnati, Ohio for a total of three (3) sessions.

CASE SUMMARY

Claimant alleged that Respondents engaged in fraudulent misrepresentation, unauthorized trading, breach of fiduciary duty for unsuitable recommendations, negligent supervision, and engaging in stock manipulation of worthless companies for the private gain of those involved as brokerage firms and brokers, thus causing a financial loss to Claimants estimated at \$190,000. Claimants initial investment was only \$20,000; and claimed that their specific investment instructions concerning several stocks, such as International Dispensing Corp. ("IDND"), N-Vision, and MVSI, were ignored and disregarded, and subjected to constant maneuvering and manipulation. That Respondents Stratton Oakmont never informed Claimants of their legal troubles with the SEC, or with the NASD. Claimants held jointly and severally liable the Respondents for their losses.

Respondent Daniel M. Porush denied the allegations set forth in the Amended Statement of Claim. Respondents stated several affirmative defenses, such as that Claimants failed to set forth any claim upon which relief could be granted, failed to establish and set forth the elements of Fraud, that none of the damages suffered by Claimant had any causal relationship to any act committed by or legally attributable to the answering Respondent (Porush), that Claimant had failed to prove as a matter of law, that any of his losses were attributable to Respondent, or that Respondent had breached any Contract between them. Also that all actions taken in Claimants securities account were with his full knowledge and ratification and should thus be estopped from bringing forth any claim.

Respondent Adam Friedland denied the allegations set forth in the Statement of Claim. Specifically, Mr. Friedland denied that he advised Claimants that the shares of IDND would double or triple in the next two weeks. Mr. Friedland stated that he told the Claimants that if the price of IDND were to back off, he would call them to discuss further strategy and that he did call them when the price dropped.

RELIEF REQUESTED

Claimants requested an award in the amount of \$190,000.00 in damages for their loss, with interest, costs, reasonable attorneys' and expert witness fees and punitive damages.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondents Adam Friedland and Daniel Porush had been properly served with the Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondents Adam Friedland and Daniel Porush had received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

Respondent Adam Friedland did not file with the NASD Regulation, Inc. Office of Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the Code and having answered the claim is bound by the determination of the arbitration panel on all issues submitted.

The claims asserted against all other named respondents were either dismissed by agreement of the parties or as a result of bankruptcy filings by respondents.

The parties present agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered and to receive conformed copies of the award while the original(s) remain on file with the NASD Regulation, Inc. Office of Dispute Resolution (the "NASD").

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 Adam Friedland and Daniel Porush shall be and hereby are jointly and severally liable for and shall pay to the Claimants Steve and Kootela Collins the sum of \$295,000.00 (Two Hundred Ninety Five Thousand Dollars) to include compensatory damages, pre-judgment interest and attorneys fees. The individual liability of respondent Adam Friedland shall not exceed the sum of \$125,000.00 (One Hundred Twenty Five Thousand Dollars). It is the specific finding that Stratton Oakmont, Inc. through its agents, Daniel Porush and Adam Friedland, did commit conversion with the Claimants' funds in an amount of \$188,081.15 (One Hundred Eighty Eight Thousand Eighty One Dollars and Fifteen Cents) by refusing to sell Claimants' securities when demanded by Claimants.

2. Respondent Daniel Porush shall be and hereby is liable for and shall pay to the Claimants Steve and Kootela Collins the sum of \$500,000.00 (Five Hundred Thousand Dollars) as punitive damages.
3. Respondent Adam Friedland shall be and hereby is liable for and shall pay to the Claimants Steve and Kootela Collins the sum of \$250,000.00 (Two Hundred Fifty Thousand Dollars) as punitive damages.
4. Each party shall bear its own costs, expenses and fees, including but not limited to attorneys' fees, incurred in this matter not specifically enumerated herein.

FORUM FEES

Forum fees are calculated at the rate of \$750.00 per hearing session and \$300 for each pre-hearing conference, if any. There were three (3) sessions x \$750.00 = \$2,250.00 in forum fees. Pursuant to Rule 10332(b) of the Code, a hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to Rule 10332(c) of the Code, the NASD shall retain the non-refundable filing fee in the amount of \$200.00 and shall refund the hearing session deposit in the amount of \$750.00 previously deposited with the NASD by the Claimant Steve and Kootela Collins. Respondents Adam Friedland and Daniel Porush shall be and hereby are jointly and severally liable for and shall pay to the NASD the sum of \$2,250.00 as forum fees. Fees are payable to the NASD Regulation, Inc. Office of Dispute Resolution.

/s/ Charles D. Underwood, Esq.
Charles D. Underwood, Esq.
Public Arbitrator, Presiding Chair

Dated:

September 4, 1998

/s/ Richard H. Haas, Esq.
Richard H. Haas, Esq.
Public Arbitrator

September 18, 1998

/s/ Willis E. Adams, II
Willis E. Adams, II
Industry Arbitrator

September 4, 1998