

## NASD AWARD

NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimant

H.J. Meyers & Co., Inc.

and

Case Number

97-06022

Name of Respondent

Harold S. Sokol

### REPRESENTATION OF PARTIES

For H.J. Meyers & Co., Inc. ("**Claimant**") appeared Jeffrey G. Regenstreif, Esq. of Relin, Goldstein & Crane, LLP, located in Rochester, New York.

Harold S. Sokol ("**Respondent**") did not appear.

### CASE INFORMATION

Claimant filed the Statement of Claim on December 23, 1998.

Claimant signed the Uniform Submission Agreement on January 18, 1998.

Respondent did not file a Statement of Answer.

Respondent did not sign a Uniform Submission Agreement.

### HEARING INFORMATION

Pre-Hearing Conference:	July 6, 1998	One Session
Hearing Dates:	July 28, 1998	One Session

The hearing was held at the NASD Regulation, Inc., in New York, New York.

### CASE SUMMARY

Claimant alleged that on or about January 15, 1997, Respondent joined Claimant as registered sales representative. Claimant maintained that Respondent borrowed \$20,000.00 and agreed to repay this amount in three payments to commence with the pay date for Respondent's thirteenth month of production and continuing until the amount was paid in full. According to Claimant, the promissory note attached to the employment contract provided that the entire debt,

including expenses resulting from collection, would immediately become due and payable upon termination of Respondents employment. Claimant asserted that on or about May 28, 1998, Respondent voluntarily resigned his position with Claimant. Claimant further alleged that Respondent failed to repay the debt as required in the promissory note despite repeated demand. Accordingly, Claimant argued that Respondent breached the contract, was unjustly enriched in the amount of \$20,345.80, and converted the note balance and the debit balance in the amount of \$20,345.80.

Respondents did not submit a Statement of Answer.

### **RELIEF REQUESTED**

Claimant requested:

1. Compensatory damages in the amount of \$20,345.80, plus interest at 12% per annum from May 28, 1997, until the date of the award;
2. Attorneys' fees and arbitration cost.

### **OTHER ISSUES CONSIDERED & DECIDED**

Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators have determined that Respondent has been properly served with the Statement of Claim pursuant to Rules 10302 and 10314 of the NASD Code of Arbitration Procedure (the "Code"). (See attachment -overdue answer letter sent by certified mail). The undersigned arbitrators have also determined that Respondent 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 did not file with NASD Regulation, Inc. Office of Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10201 of the Code.

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. In either case, the parties have agreed to receive conformed copies of the award while the original remain on file with NASD Regulation, Inc. Office of Dispute Resolution.

### **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. Respondent shall pay to Claimant the sum of \$19,756.94 in compensatory damages, plus interest as provided in the promissory note. (See attachment - promissory note).
2. Claimant's request for attorneys' fees and cost are denied.
3. Any and all other relief request not specified herein is denied.

### **OTHER COST**

Pursuant to Rule 10333 of the NASD Code of Arbitration Procedure Respondent was assessed a member surcharge in the amount of \$400.00, which has been paid.

### **FORUM FEES**

Pursuant to Rule 10332 of the NASD Code of Arbitration Procedure, the NASD will retain the \$500.00 filing fee deposited by the Claimant.

The arbitrators have assessed the following forum fees:

1 Pre-Hearing Conference	x	\$ 600.00
1 Hearing Session	x	<u>\$ 600.00</u>
Total Forum Fees		\$1,200.00

The forum fees are assessed against Respondent. Claimant's \$600.00 hearing session deposit has been applied to the forum fees. Therefore, Respondent shall pay to NASD Regulation, Inc., \$600.00 in satisfaction of outstanding forum fees. Respondent shall also reimburse Claimant its \$600.00 hearing session deposit.

**Fees are payable to NASD Regulation, Inc.**

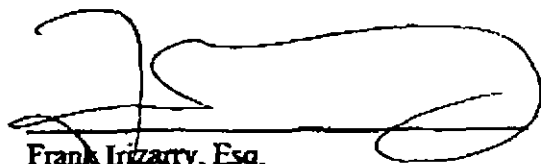
NASD Regulation, Inc. Office of Dispute Resolution  
Arbitration No. 97-06022  
Award Page 4 of 6

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**ARBITRATION PANEL**

Frank Irizarry, Esq. -Industry Chairperson  
John J. Bucko -Industry Panelist  
Dominick J. Dorata, Esq. -Industry Panelist

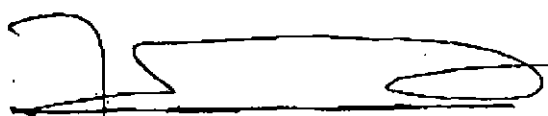
**ARBITRATOR'S SIGNATURE**



Frank Irizarry, Esq.  
Industry Chairperson

Date Decision Served by NASD Regulation, Inc.: \_\_\_\_\_

I, Frank Irizarry, Esq., 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.

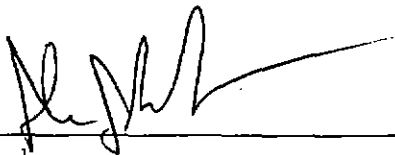


Frank Irizarry, Esq.

**ARBITRATION PANEL**

Frank Irizarry, Esq. -Industry Chairperson  
John J. Bucko -Industry Panelist  
Dominick J. Dorata, Esq. -Industry Panelist

**ARBITRATOR'S SIGNATURE**

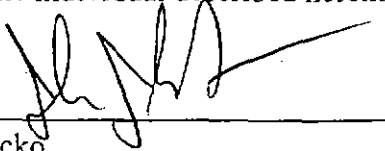


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John J. Bucko  
Industry Panelist

Date Decision Served by NASD Regulation, Inc.: \_\_\_\_\_

I, John J. Bucko, 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.



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John J. Bucko

NASD Regulation, Inc. Office of Dispute Resolution  
Arbitration No. 97-06022  
Award Page 6 of 6

**ARBITRATION PANEL**

Frank Irizarry, Esq. -Industry Chairperson  
John J. Bucko -Industry Panelist  
Dominick J. Dorata, Esq. -Industry Panelist

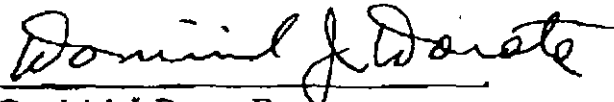
**ARBITRATOR'S SIGNATURE**



Dominick J. Dorata, Esq.  
Industry Panelist

Date Decision Served by NASD Regulation, Inc.: \_\_\_\_\_

I, Dominick J. Dorata, Esq., 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.



Dominick J. Dorata, Esq.

JN  
Laura

### EMPLOYMENT AGREEMENT

THIS AGREEMENT by and between HAROLD SOKLI (the "Employee") and H. J. MEYERS & CO., INC. ("HJM").

WHEREAS, HJM desires to employ the Employee as a Registered Sales Representative and the Employee desires to be employed by HJM in the manner and on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the promises and of the mutual covenants contained herein, the parties hereby agree as follows:

1. Employment and Duties. HJM hereby employs the Employee as a Registered Sales Representative. The Employee's powers and duties in that capacity shall include the sale of securities and such other necessary tasks in connection with this activity as HJM shall legally require from time to time, including any management and/or supervisory responsibilities.

2. Performance. The Employee agrees to devote all of his/her full business time to the performance of his/her duties as an employee of HJM and, during the term of such employment, shall not, directly or indirectly, be employed by, associated with or act in any other capacity for any broker-dealer other than HJM. The Employee is not currently and agrees not to become involved or connected with any other business pursuit whatsoever without the prior written consent of HJM's Compliance Department.

3. Term. This Agreement shall not become effective unless and until the Employee receives all licensing approvals from the National Association of Securities Dealers, Inc. ("NASD") necessary to commence the duties set forth above (the "Registration Date"). This Agreement shall thereafter remain in effect during the Employee's employment with HJM except for those clauses covering post-employment obligations, which shall survive. The Employee's employment shall terminate on the earliest of the Employee's death, permanent disability, adjudication of incompetency, or the written or oral notice of termination from either party to this Agreement to the other. Employee hereby acknowledges and agrees that Employee is employed AT WILL, is not guaranteed any specific term of employment or specific tasks and may be terminated by HJM at any time for any reason or for no reason.

4. Compensation.

a. As compensation for his services hereunder, HJM shall pay to the Employee a 50% payout on his gross commissions earned during the Employee's first three (3) months of production as a Registered Sales Representative. Thereafter, HJM shall pay the Employee a percentage of gross commission income generated on business conducted by the Employee in accordance with HJM's commission schedule for Registered Sales Representatives as in effect from time to time. Employer shall deduct from the Employee's payout any and all administrative and operational charges, and any other reasonable and customary charges or expenses attributable to Registered Sales Representatives, including, without limitation, customer debts and/or compliance settlements to reach adjusted gross commissions from which Employer shall withhold appropriate taxes. Notwithstanding the foregoing and subject to any other provisions of this Agreement, including, without limitation, this paragraph 4, HJM shall pay to the Employee a minimum weekly salary of at least the product of the then applicable minimum wage multiplied by 40 hours (the "Minimum Wage").

b. The Employee agrees that upon the termination of Employee's employment, HJM can apply any commissions, wages, bonuses, salary, loans or any other sums or compensation due Employee at the date of termination or accruing to the Employee thereafter as reflected on the corporate

books and records of HJM, including without limitation, amounts due by virtue of any outstanding Loans, as hereinafter defined (if applicable), customer debts, trading debts, compliance or legal settlements paid or anticipated to be paid by HJM, fines or awards paid or anticipated to be paid by HJM, which arise by virtue of Employee's performance, or lack thereof, while employed by HJM. Employee further agrees that any amounts due to the Employee on termination of employment (other than the Minimum Wage then due and payable) may be held by HJM until such time as the Employee has satisfied all of his or her obligations under this Agreement. Furthermore, if at any time subsequent to the termination of this Agreement, HJM incurs any compliance or legal settlements and/or arbitration awards, debts of any kind or other liabilities related to the terminated Employee, Employee shall pay such amount to HJM upon immediately written demand by HJM to Employee. This provision shall survive the termination of this Agreement.

c. The Employee's eligibility for other compensation or bonuses, if any, and the Employee's vesting in any other type of benefit shall be determined in accordance with HJM's policies then in effect, which policies are subject to change from time to time, and at any time, at HJM's sole discretion. Notwithstanding the foregoing, the Employee shall not be eligible to participate in or receive any bonuses and/or customer generated revenues at HJM after the effective date of the Employee's termination of employment, regardless of the circumstances of termination.

d. In addition to the foregoing, upon Employee's registration as a Registered Sales Representative and HJM's receipt of the executed original copy of this Agreement, HJM shall loan to the Employee the sum of \$10,000 and an additional \$10,000 thirty (30) days thereafter, for a total loan of \$20,000 (the "Loan"). The Loan proceeds will be issued by HJM within twenty-one (21) days following the later of: (i) the Employee's receipt of a rep number; or (ii) HJM's receipt of the executed original copy of this Agreement. The Loan shall be repaid by Employee in accordance with the terms of the Promissory Note attached hereto as Exhibit A, which terms are incorporated herein as if fully set forth at length; provided, however, that HJM shall forgive the Loan in its entirety if, and only if, the gross commissions generated by the Employee as a Registered Sales Representative of HJM during the Employee's first twelve (12) months of production equal or exceed \$350,000. The Employee expressly agrees and acknowledges that by executing this Agreement, Employee shall be bound by the terms of the Promissory Note to the same extent as if the Employee executed and delivered the Promissory Note to HJM. Furthermore, Employee acknowledges and agrees that the Loan shall become immediately due and payable, in full, upon the termination of employment for any reason whatsoever regardless of whether or not the forgiveness period specified herein has expired. In the event that the Loan becomes due and payable, HJM may, but shall not be obligated to, in its sole discretion, offset against the Loan any Minimum Wage sums which HJM is required to pay Employee, and may thereby demand repayment of any difference between the Loan and the Minimum Wage, in accordance with the provisions of this Agreement, including, without limitation, this subparagraph. The branch manager, upon attesting to this Agreement, as provided for below, and unless otherwise agreed to by HJM, hereby unconditionally guarantees to HJM the prompt and full repayment of the Loan according to the terms hereof if HJM, in its sole discretion, elects to enforce this guaranty provision against the branch manager.

5. Customer Records. All records and information of HJM, including the names, addresses and telephone or fax numbers of its clients, are and shall remain the property of HJM at all times during the Employee's employment hereunder and after termination of employment hereunder for any reason. None of such records and information, nor any part of them, may be removed by the Employee from the premises of HJM either in original form or in computerized, duplicated or copied form, except with the written permission of Employee's branch office manager for the purpose of conducting the business of HJM, and the names, addresses, telephone or fax numbers and other facts and information in such records, in written or computerized form, may not be transmitted verbally to any person or entity by the Employee except in the ordinary course of conducting business for HJM. All of said records and information, or any part of them, are the sole proprietary information of HJM and shall be treated by the Employee as confidential information of HJM.



6. Non-Competition. In the event of the termination of the Employee's employment hereunder for any reason, or for no reason, the Employee agrees not to solicit, directly or indirectly, by himself or herself or in conjunction with any person, firm or corporation, (i) for a period of one (1) year from the effective date of termination of employment, any of the clients of HJM whom the Employee served or whose names became known to the Employee while in the employ of or associated with HJM, anywhere in the United States; and (ii) at any time, any Registered Sales Representatives or other employees of HJM. Upon termination of employment, Employee shall return any original, computerized, duplicated or copied records and information referred to in paragraph 5 which have been removed from the premises of HJM in any form. The non-competition provisions of this paragraph 6 shall not apply to clients of HJM who were serviced by the Employee at another securities brokerage firm prior to the date of this Agreement.

7. In the event Employee breaches any of the covenants of paragraphs 5 or 6, Employee agrees that HJM will be entitled to injunctive relief as provided under the laws of the state within which Employee last worked for HJM. Employee recognizes that HJM will suffer immediate and irreparable harm and that money damages will not be adequate to compensate HJM or to protect and preserve that status quo. Therefore, Employee CONSENTS TO THE ISSUANCE OF A TEMPORARY RESTRAINING ORDER or A PRELIMINARY or PERMANENT INJUNCTION, entered by a court of competent jurisdiction situated in city, county and/or state within which Employee last worked for HJM, ordering:

- a. that Employee immediately return to HJM all records whether original, duplicated, computerized, handwritten, or in any other form whatsoever, and that Employee be enjoined and restrained from using or disclosing any information contained in such records; and
- b. that, for a period of one year, Employee be enjoined and restrained from soliciting any account whom Employee served or whose name became known to Employee while employed by HJM, in any office and in any capacity; and
- c. that Employee be further enjoined and restrained, for a period of one year, from accepting business from any account who was solicited in violation of paragraph 6 or whose records and information was used in violation of paragraph 5.

The above restraints shall apply to each and every account whom Employee served or whose name became known to Employee while at HJM, in any office and in any capacity, including without limitation, reassignments, walk-ins, call-ins, write-ins, transfers, referrals, prospects, cold-calls, seminars, mailers, lead lists, and etc. During Employee's employment, some of the accounts Employee expects to develop and acquire are likely to be those of individuals Employee knew or was familiar with prior to joining HJM ("Prior Acquaintances"). Nevertheless, because Employee will be acting as a representative of HJM and Employee will be utilizing and benefiting from HJM's goodwill, reputation, name recognition, and other assets and resources, Employee further agrees that the accounts of such Prior Acquaintances will be subject to the same restraints as all the other accounts. The only exception will be Employee's immediate family and relatives.

8. Representations and Warranties. The Employee represents and warrants to HJM as follows:

- a. The Employee has successfully passed the NASD Series 7 examination and thoroughly studied HJM's written compliance supervisory procedures, including but not limited to the Insider Trading and Underwriting Procedures of HJM, and that the Employee agrees to follow those procedures and be bound by them, as they may be amended from time to time;
- b. Except as disclosed on the Employee's Form U-4 submitted to HJM by Employee, or as otherwise disclosed in writing to HJM, there are no impediments, prior or existing customer complaints, or regulatory, self-regulatory, administrative, civil or criminal matters, proceedings or investigations in the past or now pending or threatened against or involving the Employee, and that the

Employee is properly licensed and registered in all States in which the Employee has been and will be doing business;

c. There are no personal financial circumstances which will interfere with, or prevent, the Employee from using his or her best efforts in the course of his or her employment with HJM;

d. The performance of the terms of this Agreement will not conflict with or result in the breach of any other agreement, contract, arrangement or understanding to which the Employee is a party or by which the Employee is bound; and

e. Any and all statements or representations made by the Employee on any application or registration form submitted to HJM or to any federal or state authority, or any self-regulatory organization, are in all respects true, accurate and complete.

9. Covenants. The Employee hereby covenants and agrees as follows:

a. The Employee shall abide by all existing and future federal and state laws, all rules and regulations promulgated by all regulatory agencies, exchanges and self-regulatory organizations regarding the sale of securities and/or commodities, and HJM's internal rules, regulations, policies and procedures;

b. The Employee shall notify, in writing, the Compliance Department and/or Legal Department of HJM immediately upon obtaining knowledge by any means whatsoever of: (i) any violation or potential violation of any federal, state or self-regulatory organization's law, rules or standards; or (ii) any violation of HJM's internal rules, regulations, policies and procedures;

c. The Employee, immediately upon obtaining knowledge by any means whatsoever, of any claim of dissatisfaction or prospective or threatened claim to be filed against the Employee or against HJM by any present or former customer of HJM, any federal or state authority or any self-regulatory organization, shall notify the Compliance Department and/or Legal Department, in writing, of such claim;

d. This Agreement shall become part of the Employee's permanent file and the Employee will promptly report in writing to the Compliance Department and/or Legal Department any changes to the Employee's Form U-4 application;

e. If at any time during the Employee's employment hereunder, the Employee should be arrested, indicted or convicted of any felony or misdemeanor, or become the subject of a complaint in any federal, state or self-regulatory proceeding, the Employee will immediately report, in writing, such facts to HJM's Compliance Department and/or Legal Department; and

f. Employee shall immediately notify Employer's Compliance and Legal Departments, in writing, in the event that Employee believes that the Employer or any of its officers, agents or other employees, is engaging in conduct violative of laws, industry rules or Employer's internal policies and procedures. Employee's failure to make timely written notification as set forth above shall forever bar Employee from raising such conduct as a complaint, cross complaint or defense in any proceeding between Employee and Employer.

10. Indemnification. The Employee hereby agrees to indemnify and hold harmless HJM from, and on demand to pay it, any and all losses, costs, expenses (including reasonable attorney's fees and expenses), customer debts (or sell-outs), damages, charges, fines, penalties, amounts paid in settlement and judgments, or any other sums which it may sustain or incur, or for which it may become liable by virtue of any pending or threatened compliance, legal or other claims, arising out of or by reason of the Employee's employment with HJM and/or Employee's breach or violation of any term, provision, representation, warranty or covenant contained in this Agreement, and to defend HJM from, against and

in respect of all actions, suits, proceedings, claims, demands and assessments incident to any of the foregoing, including actions, suits, proceedings, claims or demands asserted by HJM against the Employee. Employee shall also indemnify and hold harmless HJM from any and all sums, amounts or undertakings (including reasonable attorney's fees and expenses) paid by HJM as a result of compliance or legal settlements and/or arbitration (or other litigation) awards, whether paid by HJM in settlement or by virtue of an award or verdict resulting from any such proceeding or complaint. Employee hereby waives any right to contest HJM's decision to settle or not settle such matters and shall immediately pay upon demand any and all sums, amounts or undertakings paid by HJM, irrespective of whether Employee is still employed by HJM. Further, Employee expressly authorizes HJM to withhold any compensation (commission income or otherwise) owing to Employee hereunder for the purpose of applying those sums against obligations owed HJM by Employee by virtue of any provision of this Agreement, including, without limitation, this paragraph 10. HJM's right to withhold such compensation of Employee as set forth herein, shall be deemed a right of offset accruing to the benefit of HJM, its successors and/or assigns, and shall permit HJM to exercise this right of offset for pending or threatened compliance, legal and/or other claims, in addition to the other matters set forth herein. The terms of this paragraph shall survive any termination of this Agreement.

11. [INTENTIONALLY OMITTED]

12. CRD and Credit Reporting Access. Employee hereby grants to HJM permission now, and at any time in the future, whether employed or not, to access Employee's CRD information and/or credit history for any purpose which it deems necessary.

13. Applicable Law and Venue. Except as specifically set forth in paragraph 7 of this Agreement, this Agreement shall be governed by and construed in accordance with the laws of the State of New York and without regard to conflict of laws provisions. The Employee hereby consents to the jurisdiction of the courts of the State of New York, City of Rochester, County of Monroe in reference to any matter arising out of this Agreement or the termination thereof, and further consents that any process or notice of motion or any application to the court may be served outside of the State of New York by overnight mail courier, certified or registered mail, return receipt requested, or by personal service. Employee hereby expressly agrees that any dispute arising from, or in any way connected with, this Agreement or Employee's employment with HJM, shall be properly venued in the City of Rochester, County of Monroe, New York, or at the nearest hearing location thereto.

14. Remedies. The Employee agrees that upon violation by the Employee of any provision, term, representation, warranty or covenant contained in this Agreement, HJM may proceed against the Employee in a court of law or equity and will be entitled to all remedies at law or in equity, including but not limited to injunctive relief, monetary damages, an accounting for profits and/or the imposition of a constructive trust.

15. Waiver. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

16. Assignment. The rights and benefits of HJM under this Agreement shall be transferable, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, its successors and assigns. The Employee may not assign this Agreement or its rights hereunder.

17. Entire Agreement/Amendments. This Agreement is entered into voluntarily and embodies the entire understanding with respect to the subject matter hereof and supersedes all previous agreements, contracts, understandings or arrangements, if any, between the Employee and HJM. This Agreement cannot be changed or extended except by a writing signed by the Employee and a duly authorized officer of HJM.

18. Accounting Procedures. Any calculation, computation, or accounting as may be required under this Agreement shall be made by HJM in accordance and conformity with HJM's customary practices and procedures and as may be required by regulatory agencies having jurisdiction over HJM.

19. Duration of Employment. This Agreement does not guarantee the Employee any particular term of employment or any particular tasks or duties while employed by HJM. The Employee is employed at will and may be terminated at any time with or without cause.

20. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

THE EMPLOYEE STATES THAT HE OR SHE HAD READ THIS AGREEMENT CAREFULLY AND HAS HAD AN OPPORTUNITY TO ASK REPRESENTATIVES OF HJM QUESTIONS ABOUT IT. THE EMPLOYEE FURTHER STATES THAT HE OR SHE HAS HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF THE EMPLOYEE'S CHOICE (AT HIS OR HER EXPENSE) PRIOR TO SIGNING THIS AGREEMENT AND UNDERSTANDS THAT SIGNING THIS AGREEMENT IS A CONDITION OF EMPLOYEE'S BECOMING EMPLOYED BY HJM.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below and agree that this Agreement shall become effective and binding as of the date it is executed by HJM's corporate officer.

H.J. MEYERS & CO., INC.

By:

CORPORATE OFFICER

HAROLD SOKLI

Date

Date

ATTEST:

BRANCH MANAGER\*

Date

\*See last sentence in paragraph 4(d) hereof regarding Loan guaranty by branch manager.

## EXHIBIT A

## PROMISSORY NOTE

\$20,000

January 10, 1996

FOR VALUE RECEIVED, HAROLD SOKLI, residing at 16-60 BELL BLVD BAYSIDE NY 11360 ("Maker"), promises to pay to H. J. MEYERS & CO., INC., a New York corporation with an office at 1895 Mt. Hope Avenue, Rochester, New York 14620 ("Payee"), the principal sum of TWENTY THOUSAND AND 00/100 DOLLARS (\$20,000), without interest, in lawful money of the United States of America (the "Principal Sum"), upon the following terms:

1. Maker shall repay the Principal Sum to Payee in three equal monthly installments, commencing with the pay date for the Maker's thirteenth month of production as Payee's Registered Sales Representative and on each and every pay date thereafter, to and including the pay date for the Maker's fifteenth month of production when the entire unpaid balance shall become all due and payable (the "Due Dates"). Such payment shall be paid by delivering Maker's check in the amount of \$6,666.67 to Payee at the address set forth above, or at such other address as Payee shall designate in writing to Maker, by certified mail, return receipt requested. In the alternative, Maker hereby authorizes Payee to deduct each installment, or so much thereof, directly from each of Maker's net after tax payout on the Due Dates, or any subsequent employee pay dates, if applicable, until the entire principal balance loaned hereunder is paid in full. Maker hereby provides his consent to such deductions.

2. Maker shall have the right, at his option and without prior notice to Payee, and without penalty, to prepay all or any part of the outstanding principal amount of this Note at any time.

3. Upon the occurrence of any of the following events of default, the entire unpaid indebtedness evidenced by this Note, including expenses of collection, shall immediately become due and payable without, and Maker hereby waives any right to, notice, presentation or demand:

a. The failure to make timely payment of any installment payment when due hereunder;

b. The bankruptcy of Maker or the filing by Maker of a voluntary petition under any provision of the bankruptcy laws; the institution of bankruptcy proceedings in any form against Maker; or the making by Maker of an assignment for the benefit of creditors;

c. The taking of any judgment against Maker, which judgment is not paid in accordance with its terms, satisfied, discharged, stayed or bonded within ninety (90) days from the entry thereof;

d. Any assignment of the Note by Maker, or

e. The termination of Maker's employment with Payee for any reason whatsoever prior to the Due Dates.

4. Maker hereby waives any and all defenses and counterclaims to any action or proceeding brought to enforce any provision of the Note, which Maker now has, or hereinafter may have.

5. Subject to the provisions in the attached Employment Agreement, the Principal Sum evidenced by the Note shall be forgiven in its entirety if the aggregate gross commissions generated by

Maker as a Registered Sales Representative of HJM during his first twelve (12) months of production equal or exceed \$350,000.

6. Notwithstanding anything else to the contrary herein, in the event that Maker defaults hereunder, Payee shall be entitled to collect interest on the outstanding balance at the rate of 12% per annum or at the highest legal rate permitted by law, whichever is greater, commencing on the date of default.

7. No failure on the part of Payee to exercise, and no delay in exercising, any of the rights provided for herein, shall operate as a waiver thereof, nor shall any single or partial exercise by Payee of any right preclude any other or future exercise thereof or the exercise of any other right.

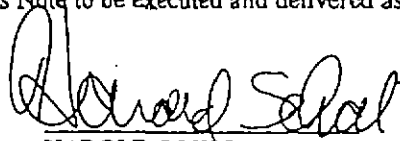
8. Maker shall not, without the express prior written consent of Payee, assign, sell, gift or otherwise transfer this Note to any third party.

9. Maker agrees to pay all costs and expenses incurred by Payee in enforcing the Note, including without limitation all reasonable attorney's fees and expenses incurred by Payee.

10. This Note shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of laws provisions.

11. Maker hereby acknowledges and agrees that HJM is not in the business of loaning money to third persons or employees and that any action taken by HJM to enforce this Note shall not be deemed a dispute, claim or controversy arising in connection with the business of HJM or in connection with the activities of Maker, or arising out of the employment or termination of employment of Maker, all as set forth in Section 8(a) of the NASD's Code of Arbitration Procedure.

IN WITNESS WHEREOF, Maker has caused this Note to be executed and delivered as of the date set forth above.

  
HAROLD SOKLI