

A pre-hearing conference was held in this matter on November 16, 1999, on issues including: Claimant's motion for default; Claimant's motion to bar the presentation of evidence; and scheduling matters.

CASE SUMMARY

Claimant alleges that it was damaged based upon Respondents' failure to pay for the purchase of shares of Priority Ventures, Ltd. and failure to honor a subsequent promissory note executed for the benefit of Claimant. Specifically, between April 7 and April 21, 1998, Respondent Spillman instructed Bear Stearns to make unsolicited purchases in the Amarillo Energy Account of 170,000 shares of Priority Ventures, Ltd. at prices ranging from \$.37 to \$.43 per share, for a total of \$86,456.58 in buy orders. Subsequently, and despite demand, Respondents failed to pay for the trades. Pursuant to the New Account Agreement and applicable securities laws, the positions were liquidated leaving a debit balance of \$22,621.54. To pay for the purchase of the Priority Ventures, Ltd. shares, Amarillo Energy forwarded to Bear Stearns a number of checks which later were returned for insufficient funds.

On or about August 3, 1998, Amarillo Energy, by and through its President, Spillman, and Spillman, in his individual capacity, executed and delivered to Bear Stearns a promissory note representing the debit balance owed in the amount of \$22,621.54. Pursuant to the terms of the promissory note, the debit balance was to be paid in four separate installments commencing on August 31, 1998, and concluding on November 30, 1998. The promissory note provided for interest to be paid by Respondents at the rate of 12% per annum from the date of July 29, 1998, in the event of default and repayment of any amount due pursuant to the terms of the promissory note. Subsequently, Respondents wholly defaulted on the payment of their obligations under the promissory note.

Claimant brought causes of action against Respondents based upon breach of contract, breach of promissory note, and quantum meruit recovery. In addition, Claimant sought recovery of attorneys' fees, interest, and costs.

Respondents failed to file an Answer to the Statement of Claim.

REQUESTED RELIEF

Claimant requested the following damages against Respondents:

1. Actual damages of \$22,621.54; accrued interest from April 21, 1998 to July 2, 1998 of 10% per annum; accrued interest from July 29, 1998 to February 11, 2000 of 12% per annum; and attorneys' fees, expenses and costs equaling \$4,000.00; and
2. Post-Award interest at the rate of 10% per annum.

Respondents stipulated to Claimant's requested relief.

OTHER ISSUES CONSIDERED

The parties agreed to have the Award in this matter executed in counterpart copies and agreed to receive conformed copies of the Award while the original remains on file with NASD Regulation, Inc.

Upon review of the file, and based upon the representations made on behalf of the parties in this Stipulated Award, the Arbitrators have determined that Respondents have been properly served with the Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code").

Respondents did not file with NASD Regulation, Inc., Office of Dispute Resolution, a properly executed Submission Agreements, but were required to submit to arbitration pursuant to Rule 10301 of the Code.

STIPULATED AWARD

After considering the pleadings and the agreement of the parties, the undersigned Arbitrators have decided in full and final resolution of the issues submitted as follows:

1. Respondents are liable to Claimant for compensatory damages and shall pay to Claimant the sum of \$22,621.94; 10% interest on such amount from April 21, 1998 to July 28, 1998; 12% interest on such amount from July 29, 1998 to February 11, 2000; plus ten percent (10%) simple interest per annum from February 11, 2000 until the date this Award is satisfied in full;
2. Respondents are also liable to Claimant for attorneys' fees and costs in this matter in the amount of \$4,000.00; and
3. Any and all claims for relief not specifically addressed herein are denied in their entirety.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee = \$500.00

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 person at the time of the events giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge = \$600.00

Pre-hearing process fee	= \$600.00
Hearing process fee	= \$1000.00

Forum Fees and Assessments

The Arbitration 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 \$600.00	= \$600.00
Pre-hearing conference: November 16, 1999	1 session

Total Forum Fees	= \$600.00
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1. The Arbitration Panel has assessed \$600.00 of the forum fees jointly and severally to Respondents Amarillo Energy Company and William Spillman.

Fee Summary

1. Claimant, Bear Stearns & Co., Inc., be and hereby is solely liable for:

Initial Filing Fee	= \$500.00
Member Fees	= \$2,200.00
<u>Administrative Costs</u>	= \$0
Total Fees	= \$2,700.00
<u>Less payments</u>	= \$1,500.00
Balance Due NASD Regulation, Inc.	= \$1,200.00

2. Respondents, Amarillo Energy Company and William Spillman, be and hereby are jointly and severally liable for:

Forum fee	= \$600.00
Balance Due NASD Regulation, Inc.	= \$600.00

NASD Arbitration No. 98-03842

Stipulated Award

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All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signatures:

/s/ Sanford D. Sanes

July 25, 2000

Sanford D. Sanes, Chairman
Public Arbitrator

Date

/s/ Terry Landry

July 28, 2000

Terry Landry
Industry Arbitrator

Date

/s/ Frank Montana

July 26, 2000

Frank Daniel Montana
Public Arbitrator

Date

NASD Arbitration No. 98-03842

Stipulated Award

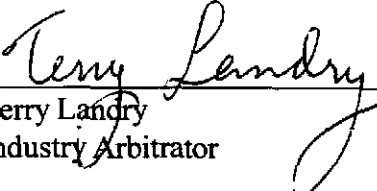
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All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signatures:

Sanford D. Sanes, Chairman
Public Arbitrator

Date



Terry Landry
Industry Arbitrator

Date

7/28/2000

Frank Daniel Montana
Public Arbitrator

Date


NASD Arbitration No. 98-03842

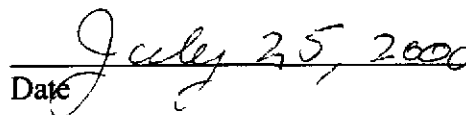
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Concurring Arbitrators' Signatures:

Sanford D. Sanes, Chairman
Public Arbitrator

Date

Terry Landry
Industry Arbitrator

Date

_____

Frank Daniel Montana
Public Arbitrator

07-26-00
Date