

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Stephen H. Thomas, (Claimant) vs. Dain Rauscher Incorporated, (Respondent).

Case Number:
99-00032

Hearing Site:
Houston, Texas

REPRESENTATION OF PARTIES

Claimant, Stephen H. Thomas ("Thomas"), hereinafter referred to as "Claimant":
Barry Abrams, Esq., Abrams Scott & Bickley, L.L.P., Houston, Texas.

Respondent, Dain Rauscher Incorporated ("Dain"), hereinafter referred to as
"Respondent": Bruce W. Collins, Esq., Carrington Coleman Sloman &
Blumenthal, Dallas, Texas.

CASE INFORMATION

Statement of Claim filed on or about: January 5, 1999
Claimant signed the Uniform Submission Agreement: December 12, 1998
Statement of Answer filed by Respondent on or about: April 8, 1999
Counterclaim filed by Respondent on or about: April 8, 1999
Respondent signed the Uniform Submission Agreement: April 7, 1999
Respondent filed an Amended Statement of Answer on or about: April 4, 1999
Respondent filed an Amended Counterclaim on or about: April 4, 1999
Claimant filed a Statement of Answer to Respondent's Counterclaim on or about:
May 19, 1999

CASE SUMMARY

Claimant asserted the following causes of action:

1. Breach of employment compensation agreement.
2. Intentional misrepresentation and fraud.
3. Business Disparagement

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Claimant failed to state a claim upon which relief can be granted.
2. Claimant waived his claims or is estopped from asserting his claims.

NASD Dispute Resolution, Inc. Award

Arbitration No. 99-00032

Page 2 of 5

3. Any award of punitive damages against Respondent would violate the due process guarantees of the Texas and United States Constitutions.
4. Claimant failed to mitigate his damages.
5. Claimant's defamation/business disparagement claim is barred by applicable statutes of limitation.
6. The statements that Claimant contends support his defamation/business disparagement claim are protected by either an absolute or qualified privilege.

Respondent asserted the following counterclaim as a cause of action:

1. Claimant was liable for a \$100,000 forgivable loan under the terms of a signed Promissory Note.

Unless specifically admitted in its Answer, Claimant denied the allegations made in the Counterclaim and asserted the following defenses:

1. Claimant was not liable for the Promissory Note and was not terminated for cause.
2. Respondent was barred from asserting its claims based on the equitable theories of waiver and estoppel.
3. Respondent did not have a right to recover any attorneys' fees.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$ 4619,575.21
Punitive Damages	Requested
Interest	Requested
Attorneys' Fees	Requested
Other Costs	Requested
Other Monetary Relief:	Damages to Claimant's future earning capacity and lost future income in an amount not to exceed \$2.9 million.

Other Non-Monetary Relief:	Correction of statement to NASD in Claimant's U-5 Form.
----------------------------	---

Respondent requested:	
Compensatory Damages	\$100,000
Punitive Damages	\$0
Interest	Requested
Attorneys' Fees	Requested
Other Costs	\$0
Other non-monetary Relief	None requested.

NASD Dispute Resolution, Inc. Award
Arbitration No. 99-00032
Page 3 of 5

OTHER ISSUES CONSIDERED AND DECIDED

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.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing the Arbitration Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. The Arbitration Panel finds that a breach of contract occurred.
2. The Arbitration Panel finds that no fraud has occurred.
3. The Arbitration Panel finds that no business disparagement has occurred.
4. The Arbitration Panel denies the Respondent's Counterclaim to recover the remaining note or any related attorneys' fees thereunder.

As such, the Arbitration Panel awards Claimant damages under the breach of contract claim in the amount of \$540,000. The Arbitration Panel does not award any interest or punitive damages in addition to the breach of contract award. Additionally, the Arbitration Panel awards Claimant attorneys' fees in the amount of \$135,000.

Further, the Arbitration Panel directs Respondent to amend the Form U-5 regarding Claimant to reflect date of termination as "January 21, 1999;" the type of termination as "Discharged;" and the reason for termination to be "Termination without cause under an at will contract."

Any and all relief not specifically addressed herein, including punitive damages, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. Award

Arbitration No. 99-00032

Page 4 of 5

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

Initial claim filing fee	= \$ 500
Counterclaim filing fee	= \$ 500

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is Respondent.

Member surcharge	= \$2,500
Pre-hearing process fee	= \$600
Hearing process fee	= \$4,500

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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Six (6) Pre-hearing session with Panel x \$1,000	= \$6,000
--	-----------

Pre-hearing conference: November 1, 1999

January 7, 2000

March 10, 2000

April 6, 2000

April 12, 2000

June 17, 2000

One (1) Pre-hearing session with one Arbitrator x \$ 300	= \$300
--	---------

Fourteen (14) Hearing sessions x \$1,000	= \$14,000
--	------------

Hearing Dates:	August 21, 2000	2 sessions
	August 22, 2000	3 sessions
	August 23, 2000	3 sessions
	August 24, 2000	2 sessions
	August 25, 2000	3 sessions
	August 26, 2000	1 session

Total Forum Fees	= \$20,300.00
------------------	---------------

1. The Arbitration Panel has assessed \$10150.00 of the forum fees to Claimant.
2. The Arbitration Panel has assessed \$10150.00 of the forum fees to Respondent.

NASD Dispute Resolution, Inc. Award

Arbitration No. 99-00032

Page 5 of 5

Fee Summary**1. Claimant, (Thomas), be and hereby is solely liable for:**

Initial Filing Fee	= \$ 500
Forum Fees	= \$ 10,150
<u>Adjournment fee</u>	= \$ 1,000
Total Fees	= \$11,650
<u>Less payments</u>	= \$ 2,500
Balance Due NASD Dispute Resolution, Inc.	= \$ 9,150

2. Respondent, (Dain), be and hereby is solely liable for:

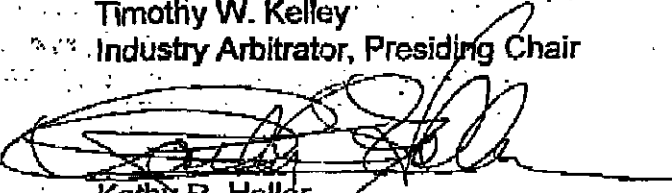
Counterclaim Filing Fee	= \$ 500
Member Fees	= \$ 7,600
<u>Forum Fees</u>	= \$10,150
Total Fees	= \$18,250
<u>Less payments</u>	= \$ 6,250
Balance Due NASD Dispute Resolution, Inc.	= \$12,000

All balances are due to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signature(s)

Timothy W. Kelley
Industry Arbitrator, Presiding Chair

Signature Date


Kathy R. Holler
Industry Arbitrator

Signature Date

John J. King, Esq.
Industry Arbitrator

Signature Date_____
Date of Service (For NASD Dispute Resolution, Inc. office use only)

10/20/00 THU 11:16 FAX

NASD REGULATION

007

NASD Dispute Resolution, Inc. Award
Arbitration No. 99-00032
Page 5 of 5

Fee Summary

1. Claimant, (Thomas), be and hereby is solely liable for:

Initial Filing Fee	= \$ 500
Forum Fees	= \$ 10,150
Adjournment fee	= \$ 1,000
Total Fees	= \$11,650
Less payments	= \$ 2,500
Balance Due NASD Dispute Resolution, Inc.	= \$ 9,150

2. Respondent, (Dain), be and hereby is solely liable for:

Counterclaim Filing Fee	= \$ 500
Member Fees	= \$ 7,600
Forum Fees	= \$10,150
Total Fees	= \$18,250
Less payments	= \$ 6,250
Balance Due NASD Dispute Resolution, Inc.	= \$12,000

All balances are due to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signature(s)


Timothy W. Kelley
Industry Arbitrator, Presiding Chair

10/30/00
Signature Date

Kathy R. Holler
Industry Arbitrator

Signature Date

John J. King, Esq.
Industry Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution, Inc. office use only)

NASD Dispute Resolution, Inc. Award
Arbitration No. 99-00032
Page 5 of 5

Fee Summary

1. Claimant, (Thomas), be and hereby is solely liable for:

Initial Filing Fee	= \$ 500
Forum Fees	= \$ 10,150
Adjournment fee	= \$ 1,000
Total Fees	= \$11,650
Less payments	= \$ 2,500
Balance Due NASD Dispute Resolution, Inc.	= \$ 9,150

2. Respondent, (Dain), be and hereby is solely liable for:

Counterclaim Filing Fee	= \$ 500
Member Fees	= \$ 7,600
Forum Fees	= \$10,150
Total Fees	= \$18,250
Less payments	= \$ 6,250
Balance Due NASD Dispute Resolution, Inc.	= \$12,000

All balances are due to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signature(s)

Timothy W. Kelley
Industry Arbitrator, Presiding Chair

Signature Date

Kathy R. Holler
Industry Arbitrator

Signature Date



John J. King, Esq.
Industry Arbitrator

10-19-00

Signature Date

Date of Service (For NASD Dispute Resolution, Inc. office use only)