

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimant

William Thibodeaux

Case No. 99-00516

Names of Respondents

W.J. Nolan & Co., Inc.
Craig Steven Redding
Gary Joseph Redding

Name of Third-Party Respondent

G & C Redding, Inc.

REPRESENTATION OF PARTIES

For Claimant William Thibodeaux ("Thibodeaux") hereinafter referred to as "Claimant": Robert B. Butler, III, Esq., Houma, Louisiana.

For Respondent W.J. Nolan & Co., Inc. ("W.J. Nolan"): Diane Mall Sammarco, Esq. of the law firm of Pressman & Associates, New York, New York.

For Respondent Gary Joseph Redding ("Gary Redding"): Robert Bertsch, Esq. of the law firm of Bertsch & Associates, Port Washington, New York.

For Respondent Craig Steven Redding ("Craig Redding"): Robert Bertsch, Esq. of the law firm of Bertsch & Associates, Port Washington, New York until his withdrawal on November 18, 1999. Thereafter, Respondent Craig Redding was represented by Joseph Fontanetta, Esq. of the law office of Lester & Fontanetta, Garden City, New York.

Third-Party Respondent G & C Redding, Inc. ("G & C Redding") did not appear.

CASE INFORMATION

Statement of Claim filed on or about: February 3, 1999.

Claimant signed the Uniform Submission Agreement: February 3, 1999.

Statement of Answer, Cross-Claim and Third-Party Claim filed by Respondent W.J. Nolan

on or about: March 15, 1999.

Respondent W.J. Nolan signed the Uniform Submission Agreement: March 16, 1999.

Statement of Answer filed by Respondents Craig Redding and Gary Redding on or about: June 9, 1999.

Respondents Craig Redding and Gary Redding's Response to Cross-Claim filed on or about: October 13, 1999.

Respondent Craig Redding signed the Uniform Submission Agreement: July 8, 1999.

Respondent Gary Redding signed the Uniform Submission Agreement: July 13, 1999.

Third-Party Respondent G & C Redding did not file a Statement of Answer or executed Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following: Craig and Gary Redding, acting as vice-presidents and registered representatives of W.J. Nolan, solicited \$25,000.00 from Claimant upon representations that W.J. Nolan was involved in the formation of a branch office and that an investment of \$25,000.00 would give Claimant the right to purchase certain initial private placements and public offerings to be brought out by W.J. Nolan as well as give him part ownership in the office. Claimant paid the \$25,000.00 upon such representations, and was never given the right to participate in any such private offerings or public placements and has never been refunded his \$25,000.00.

Claimant's Statement of Claim is based upon state and federal securities fraud, controlling person liability, respondeat superior, actual and constructive fraud, negligence, breach of contract, breach of fiduciary duty and unjust enrichment.

Respondents Gary Redding and Craig Redding denied the allegations contained in the Statement of Claim and asserted that the damages suffered by Claimant have no causal relationship with any act committed by or legally attributed to the Respondents herein.

Further, Respondent Gary Redding asserted the following: Pursuant to a legally negotiated contract, Claimant forwarded monies to help fund an office of W.J. Nolan. The money was used for legitimate office expenses. Claimant's loss is attributable to W.J. Nolan's failure to adequately support the branch office.

Respondent W.J. Nolan denied any involvement or wrongdoing in relation to the \$25,000.00 transaction at issue and asserted the following: The responsibility for any loss suffered by the Claimant rests solely with Craig and Gary Redding and G & C Redding, Craig and Gary Redding's own separate corporate entity. W.J. Nolan asserted that it is not responsible for

the alleged loss incurred by the Claimant, since Craig and Gary Redding were not acting in their capacity as independent contractors with W.J. Nolan when the alleged wrongdoing occurred, and since any and all of the alleged acts of Craig and Gary Redding were done without the knowledge or consent of W.J. Nolan. In addition, neither Craig Redding nor Gary Redding was ever an officer, director or shareholder of W.J. Nolan. Furthermore, the irrefutable documentation surrounding this matter, including the alleged solicitation and transfer of the \$25,000.00 at issue, demonstrates that any agreement involving these monies was made solely between Claimant and Craig and Gary Redding, and not with W.J. Nolan.

W.J. Nolan interposed cross-claims against Craig and Gary Redding and a third-party claim against G & C Redding, an entity owned and operated by Craig and Gary Redding, for fraud and to indemnify W.J. Nolan for any loss W.J. Nolan may incur as a result of Craig and Gary Redding's wrongdoing.

Respondents Gary Redding and Craig Redding denied the allegations contained in the cross-claim and asserted that at all times they acted with the full knowledge of Respondent W.J. Nolan.

RELIEF REQUESTED

Claimant requested recovery of the \$25,000.00 plus interest, punitive damages in the amount of \$25,000.00 and reasonable attorneys' fees and costs.

Respondent W.J. Nolan requested that the Panel dismiss all allegations asserted against it in their entirety. Respondent W.J. Nolan further requested indemnification and contribution from Gary and Craig Redding and G & C Redding in the amount of any award rendered against it together with costs and reasonable attorneys' fees.

Respondents Gary Redding and Craig Redding requested that the arbitration panel: (i) dismiss the Statement of Claim in its entirety; (ii) dismiss the cross-claims in their entirety (iii) award Respondents their costs and expenses of this arbitration; and, (iv) grant Respondents such other and further relief as is just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Third-Party Respondent G & C Redding, Inc. is not a member firm of the NASD and did not appear in this matter. As such, on August 23, 1999, the arbitration panel entered an order dismissing, without prejudice, all claims of Respondent W.J. Nolan against Third-Party Respondent G & C Redding, Inc.

Respondent Craig Redding did not attend the evidentiary hearing in this matter. Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondent Craig Redding was properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code

of Arbitration Procedure (the "Code").

On or about May 5, 1999, Honorable Stan Bernstein, United States Bankruptcy Judge, United States Bankruptcy Court, entered a Discharge of Debtor with respect to Respondent Craig Redding. Claimant and Respondent W.J. Nolan asserted that since they were not listed as creditors in the bankruptcy proceeding and since the automatic stay was no longer in effect, the discharge in bankruptcy did not have any effect with respect to their claims against Craig Redding. The arbitration panel determined that the above-referenced claims against Craig Redding could proceed in arbitration.

The parties present at the hearing 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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondents W.J. Nolan, Gary Redding and Craig Redding are liable, jointly and severally, and shall pay to Claimant the sum of \$25,000.00 plus interest at the rate of 5% per annum from December 11, 1996 until the date of payment of the Award.

Claimant's request for punitive damages is denied.

Respondents W.J. Nolan, Gary Redding and Craig Redding are liable, jointly and severally, and shall pay to Claimant the sum of \$8,133.00 in attorneys' fees pursuant to La. Statute Section 51:712 A.

Respondents W.J. Nolan, Gary Redding and Craig Redding are liable, jointly and severally, and shall pay to Claimant the sum of \$120.00 representing reimbursement of the claim filing fee previously paid to NASD Regulation, Inc.

The cross-claims of W.J. Nolan against Gary Redding and Craig Redding are denied in all respects.

All other requests for relief not specifically addressed herein are denied.

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 = \$120.00

Cross-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 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 a party.

Member surcharge	= \$800.00
Pre-hearing process fee	= \$600.00
Hearing process fee	= \$1,000.00

Adjournment Fees

No adjournments were requested during these proceedings.

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

Two Pre-hearing sessions with Panel

Pre-hearing conferences:	August 18, 1999	1 session
	November 12, 1999	1 session

Three Hearing sessions with Panel

Hearing Dates:	December 15, 1999	2 sessions
	December 16, 1999	1 session

Total Forum Fees = \$2,333.34

The Panel has assessed \$666.67 of the forum fees to Claimant.

The Panel has assessed \$1,000.00 of the forum fees to Respondent W.J. Nolan.

The Panel has assessed \$666.67 of the forum fees to Respondent Gary Redding.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters and security.

Respondent Gary Redding requested an additional copy of the Statement of Claim at a cost of \$6.50.

Fee Summary

Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$120.00
Forum Fees	= \$666.67
Total Fees	= \$786.67
<u>Less payments</u>	<u>= \$520.00</u>
Balance Due NASD Regulation, Inc.	= \$266.67

Respondent W.J. Nolan be and hereby is solely liable for:

Cross-Claim Filing Fee	= \$500.00
Member Fees	= \$2,400.00
Forum Fees	= \$1,000.00
Total Fees	= \$3,900.00
<u>Less payments</u>	<u>= \$3,900.00</u>
Balance Due NASD Regulation, Inc.	= \$0.00

Respondent Gary Redding be and hereby is solely liable for:

Administrative Costs	= \$6.50
Forum Fees	= \$666.67
Total Fees	= \$673.17
<u>Less Payments</u>	<u>= \$0.00</u>
Balance Due NASD Regulation, Inc.	= \$673.17

All balances are due and payable to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

_____/s/_____
Kenneth A. Rutherford, Esq.
Public Arbitrator, Presiding Chair

Signature Date

_____/s/_____
Frederick H. Bruce
Public Arbitrator

Signature Date

_____/s/_____
Fred V. McCrindle
Industry Arbitrator

Signature Date

January 10, 2000

Date of Service (For NASD office use only)

Initial Filing Fee	= \$120.00
Forum Fees	= \$666.67
Total Fees	= \$786.67
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Concurring Arbitrators' Signatures


Kenneth A. Rutherford, Esq.
Public Arbitrator, Presiding Chair

12-31-99
Signature Date

Frederick H. Bruce
Public Arbitrator

Signature Date

Fred V. McCrindle
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

Initial Filing Fee	= \$120.00
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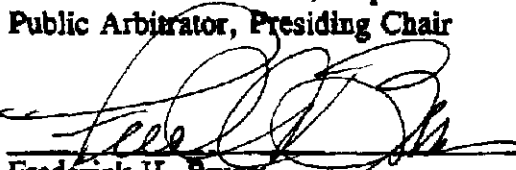
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Concurring Arbitrators' Signatures

Kenneth A. Rutherford, Esq.
Public Arbitrator, Presiding Chair


Frederick H. Bruce
Public Arbitrator

Signature Date

11/3/2000
Signature Date

Fred V. McCrindle
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

Initial Filing Fee	= \$120.00
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Concurring Arbitrators' Signatures

Kenneth A. Rutherford, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Frederick H. Bruce
Public Arbitrator

Signature Date



Fred V. McCrindle
Industry Arbitrator

1/4/00

Signature Date

Date of Service (For NASD office use only)