

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Foresight Capital Management, Inc., Claimant v. Greg Escalante, Michael Hines, John Bruscia,
Nader Mokri, Sarah H. Lewis, and James W. Geniere, Respondents

and related Counterclaim and Third-Party Claim

Case Number: 99-00884

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimant Foresight Capital Management, Inc.
and Third-Party Respondent Robert Lechman:

Robert Lechman
Representative and
In Pro Per
Irvine, California

For Respondents Greg Escalante and Nader Mokri:

William R. Rapson, Esq.
Welborn Sullivan Meck
& Tooley, P.C.
Denver, Colorado

For Respondent Michael Hines:

Thomas G. Kieviet, Esq.
Farano & Kieviet
Anaheim, California

For Respondent Sarah H. Lewis:

Sarah H. Lewis
In Pro Per
Laguna Niguel, California

For Respondent John Bruscia:

John Bruscia
In Pro Per
Newport Beach, California

For Respondent James W. Ganiere:

James W. Ganiere
In Pro Per
Star, Idaho

CASE INFORMATION

Statement of Claim filed: February 24, 1999

Amended Statement of Claim filed: September 23, 1999

Claimant's Uniform Submission Agreement signed: February 20, 1999

Statement of Answer, Counterclaim, and Third-Party Claim of Respondent Greg Escalante filed: September 29, 1999

Amended Statement of Answer, Counterclaim, and Third-Party Claim of Respondent Greg Escalante filed: November 22, 1999

Statement of Answer filed by Respondent Michael Hines: September 28, 1999

Statement of Answer filed by Respondent John Bruscia: September 15, 1999

Statement of Answer, Counterclaim, and Third-Party Claim of Respondent Nader Mokri filed: November 12, 1999

Statement of Answer filed by Respondent Sarah H. Lewis: None Filed

Statement of Answer filed by Respondent James W. Geniere: None Filed

Respondent Greg Escalante's Uniform Submission Agreement signed: October 6, 1999

Respondent Michael Hines' Uniform Submission Agreement signed: September 24, 1999

Respondent John Bruscia's Uniform Submission Agreement signed: September 20, 1999

Respondent Nader Mokri's Uniform Submission Agreement signed: August 7, 2001

Respondent Sarah H. Lewis's Uniform Submission Agreement signed: None Filed

Respondent James W. Geniere's Uniform Submission Agreement signed: None Filed

Foresight Capital Management, Inc. and Robert Lechman's Joint Statement of Answer to Greg Escalante's Counterclaim and Third-Party Claim filed: October 6, 1999

Foresight Capital Management, Inc. and Robert Lechman's Joint Statement of Answer to Greg Escalante's Amended Counterclaim and Third-Party Claim filed: December 9, 1999

Foresight Capital Management, Inc. and Robert Lechman's Joint Statement of Answer to Nader

Mokri's Counterclaim and Third-Party Claim filed: November 29, 1999

Third-Party Respondent Robert Lechman's Uniform Submission Agreement filed: April 27, 2000

CASE SUMMARY

In its original and amended Statements of Claim, Claimant alleged breach of a noncompete clause in an employment contract.

Respondents, collectively, denied the allegations of wrongdoing set forth in the Claimant's original and amended Statements of Claim.

In his Counterclaim and Third-Party Claim, Greg Escalante alleged securities fraud, fraud in the inducement, theft, outrageous conduct arising to the level of blackmail, alter ego liability, control person liability, and individual liability. In his Amended Counterclaim and Third-Party Claim, Greg Escalante alleged sexual harassment.

In their Statement of Answer to Greg Escalante's Counterclaim and Third-Party Claim, Counter-Respondent Foresight Capital Management, Inc. and Third-Party Respondent Robert Lechman denied all allegations of wrongdoing.

In his Counterclaim and Third-Party Claim, Nader Mokri alleged sexual harassment, outrageous conduct rising to the level of blackmail, alter ego liability, control person liability, and individual liability.

In their Statement of Answer to Nader Mokri's Counterclaim and Third-Party Claim, Counter-Respondent Foresight Capital Management, Inc. and Third-Party Respondent Robert Lechman denied all allegations of wrongdoing.

RELIEF REQUESTED

In its original Statement of Claim, Claimant requested compensatory damages of \$500,000.00, punitive damages, interest, and reimbursement of arbitration costs and attorney's fees. In its Amended Statement of Claim, Claimant increased its request for compensatory damages to \$1,700,000.00.

Respondents, collectively, requested dismissal of the Claimant's original and amended Statements of Claim in their entirety, expungement of CRD records, and reimbursement of arbitration costs and attorney's fees.

In his original and amended Counterclaims and Third-Party Claims, Greg Escalante requested an Award in his favor, and reimbursement of arbitration costs and attorney's fees.

In their original and amended Statements of Answer to Greg Escalante's original and amended Counterclaims and Third-Party Claims, Counter-Respondent Foresight Capital Management, Inc. and Third-Party Respondent Robert Lechman requested dismissal of the original and amended Counterclaims and Third-Party Claims in their entirety, and reimbursement of arbitration costs and attorney's fees.

In his Counterclaim and Third-Party Claim, Nader Mokri requested an Award be entered in his favor, and reimbursement of arbitration costs and attorney's fees.

In their Statement of Answer to Nader Mokri's Counterclaim and Third-Party Claim, Counter-Respondent Foresight Capital Management, Inc. and Third-Party Respondent Robert Lechman requested dismissal of the Counterclaim and Third-Party Claim in their entirety, and reimbursement of arbitration costs and attorney's fees.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Sarah H. Lewis and James W. Geniere did not file with the NASD Dispute Resolution, Inc. properly executed submission agreements but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

On September 30, 1999, NASD Dispute Resolution, Inc. received notice from Claimant that all claims against Respondent Sarah H. Lewis were withdrawn with prejudice.

On August 1, 2001, NASD Dispute Resolution, Inc. received notice from Claimant that all claims against Respondent James W. Ganiere were withdrawn with prejudice.

On September 10, 2001, NASD Dispute Resolution, Inc. received notice from Claimant that all claims against Respondent Nader Mokri were withdrawn with prejudice.

The parties 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, motions, and oral argument at the pre-hearing conferences, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimant's original and amended Statements of Claim are dismissed with prejudice.
- 2) Respondents Greg Escalante, Michael P. Hines and John R. Bruscia are dismissed with prejudice.

- 3) All claims of Respondents Greg Escalante and Nader Mokri are dismissed with prejudice.
- 4) Each party shall bear its respective costs, including attorney's fees.
- 5) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Greg Escalante registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Greg Escalante must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 6) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Michael Hines registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Michael Hines must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 7) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent John Bruscia registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent John Bruscia must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 8) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Nader Mokri registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Nader Mokri must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 9) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Sarah H. Lewis registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Sarah H. Lewis must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 10) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent James W. Geniere registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent James W. Geniere must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 11) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 500.00
Respondent Greg Escalante's Counterclaim and Third-Party Claim	= \$ 500.00
Respondent Nader Mokri's Counterclaim and Third-Party Claim	= \$ 500.00

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events which gave rise to the dispute, claim, or controversy. Accordingly, the member firm Foresight Capital Management, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$ 4,500.00</u>
Total Member Fees	= \$ 6,600.00

Forum Fees and Assessments

The Arbitrator/Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

3 Pre-hearing conference sessions with the Panel @ \$1,000.00/session	= \$ 3,000.00
Pre-hearing conferences:	
July 30, 2001	1 session
September 7, 2002	1 session
March 15, 2002	1 session

Total Forum Fees	= \$ 3,000.00
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1. The Panel assessed \$2,000.00 of the forum fees to Claimant Foresight Capital Management, Inc.
2. The Panel waived the \$1,000.00 forum fee for the March 15, 2002 Pre-hearing conference.

Fee Summary

1. Claimant Foresight Capital Management, Inc. is charged with the following fees and costs:

Initial Filing Fee	= \$ 500.00
Member Fees	= \$ 6,600.00
Forum Fees	= \$ 2,000.00
Total Fees	= \$ 9,100.00
Less payments	= \$(1,935.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 7,165.00

2. Respondent Greg Escalante is charged with the following fees and costs:

Counterclaim and Third-Party Claim Filing Fee	= \$ 500.00
Total Fees	= \$ 500.00
Less payments	= \$(1,100.00)
Refund Due Respondent Greg Escalante	= \$ 600.00

3. Respondent Nader Mokri is charged with the following fees and costs:

Counterclaim and Third-Party Claim Filing Fee	= \$ 500.00
Total Fees	= \$ 500.00
Less payments	= \$(1,100.00)
Refund Due Respondent Nader Mokri	= \$ 600.00

All balances are payable to NASD Dispute Resolution, Inc. and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Kenan Oldham, Esq.	-	Presiding Chair, Public Arbitrator
Joseph S. Schuchert, Esq.	-	Public Arbitrator
Timothy N. Will, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Kenan Oldham, Esq.
Presiding Chair, Public Arbitrator

4/03/02

Signature Date

Joseph S. Schuchert, Esq.
Public Arbitrator

Signature Date

Timothy N. Will, Esq.
Non-Public Arbitrator

Signature Date

4/3/02

Date of Service

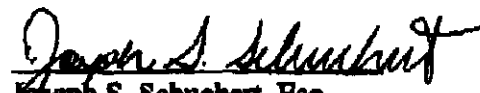
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Joseph S. Schuchert, Esq.	-	Public Arbitrator
Timothy N. Will, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Kenan Oldham, Esq.
Presiding Chair, Public Arbitrator

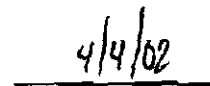
Signature Date


Joseph S. Schuchert, Esq.
Public Arbitrator


Signature Date

Timothy N. Will, Esq.
Non-Public Arbitrator

Signature Date


Date of Service

ARBITRATION PANEL

Kenan Oldham, Esq.	-	Presiding Chair, Public Arbitrator
Joseph S. Schuchert, Esq.	-	Public Arbitrator
Timothy N. Will, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Kenan Oldham, Esq.
Presiding Chair, Public Arbitrator

Signature Date

Joseph S. Schuchert, Esq.
Public Arbitrator

Signature Date



Timothy N. Will, Esq.
Non-Public Arbitrator

4/2/02

Signature Date

4/4/02

Date of Service