

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Gary K. Coveny (Claimant) vs. Broker Dealer Financial Services Corp., John M. Colias, and Jeff Joseph Heider (Respondents)

Case Number: 99-01419

Hearing Site: Chicago, Illinois

REPRESENTATION OF PARTIES

Claimant Gary K. Coveny ("Coveny"): Laurence M. Landsman, Esq., Block & Landsman, Chicago, Illinois

Respondents Broker Dealer Financial Services Corp. ("Broker Dealer") John M. Colias ("Colias"), and Jeff Joseph Heider ("Heider") hereinafter collectively referred to as "Respondents": RoL Aronsen, Esq., Law Offices of Rolf Aronsen, Mason City, Iowa

CASE INFORMATION

Statement of Claim filed on or about: March 24, 1999

Amended Statement of Claim filed on or about: March 10, 2000

Claimant signed the Uniform Submission Agreement: March 11, 1999

Claimant's Answer to Affirmative Defenses filed on or about: June 30, 1999

Statement of Answer filed by Respondents Broker Dealer and Colias on or about: June 16, 1999

Statement of Answer filed by Heider on or about: April 04, 2000

Respondent Broker Dealer signed the Uniform Submission Agreement: June 15, 1999

Respondent Colias signed the Uniform Submission Agreement: June 18, 1999

Respondent Heider signed the Uniform Submission Agreement: March 16, 2000

CASE SUMMARY

Claimant asserted the following causes of action:

1. Negligence
2. Negligent Supervision
3. Violation of the Illinois Fraud and Deceptive Businesses Practices Act
4. Breach of Fiduciary Duty
5. Churning
6. The financial products in question are Genelabs and General Datacomm Industries.

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

1. Failure to State a Claim Upon Which Relief May be Granted
2. Waiver
3. Estoppel
4. Did not Suffer Damages
5. Claimant's Negligence and Failure to Exercise such Diligence with Respect to His Investments as would be Expected of a Reasonable Person Under the Same Circumstances
6. Losses, if any were caused or Contributed to by his own actions over whom Respondents did not have Control and for Whom Respondent is Not Responsible.
7. Statute of Limitations
8. Claimant Waived Any and All Claims Alleged by Continuing to Pursue His Investment Strategy After Receiving Knowledge of the Risk Involved.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$170,000.00
Punitive Damages	\$100,000.00
Interest	none requested
Attorneys' Fees	requested
Other Costs	none requested

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, and the post-hearing submissions the Panel has decided in full and final resolution of the issues submitted for determination as follows:

All claims asserted by Claimant Gary K. Coveny against Respondents Broker Dealer Financial Services, Corp., John M. Colias, and Jeff Joseph Heider are denied with prejudice.

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	= \$300.00
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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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$1500.00
Pre-hearing process fee	= \$ 600.00
<u>Hearing process fee</u>	<u>= \$2500.00</u>
Total	= \$4600.00

Adjournment Fees

Adjournments requested during these proceedings:

February 2-4, 2000 adjournment by Claimant	= \$1000.00
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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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with Panel x \$1125.00	= \$2250.00
Pre-hearing conferences: September 17, 1999	1 session
May 24, 2000	1 session

Four (4) Hearing sessions x \$1125.00 = \$4500.00

Hearing Dates: October 04, 2000 2 sessions

October 05, 2000 2 sessions

Total Forum Fees = \$6750.00

1. The Panel has assessed \$1687.50 of the forum fees to Claimant.
2. The Panel has assessed \$1687.50 of the forum fees to Broker Dealer.
3. The Panel has assessed \$1687.50 of the forum fees to Colias.
4. The Panel has assessed \$1687.50 of the forum fees to Heider.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee = \$ 300.00

Adjournment Fee = \$1000.00

Forum Fees = \$1687.50

Total Fees = \$2987.50

Less payments = \$1425.00

Balance Due NASD Regulation, Inc. = \$1562.50

2. Respondent Colias is liable for:

Forum Fee = \$1687.50

Less payments = \$ 0.00

Balance Due NASD Regulation, Inc. = \$1687.50

3. Respondent Heider is liable for:

Forum Fee = \$1687.50

Less payments = \$ 0.00

Balance Due NASD Regulation, Inc. = \$1687.50

4. Respondent Broker Dealer is solely liable for:

Member Fees = \$4600.00

Forum Fees = \$1687.50

Total Fees = \$6287.50

Less payments = \$2100.00

Balance Due NASD Regulation, Inc. = \$4187.50

All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

/s/ Herbert S. Bratt

11/03/00

Herbert S. Bratt, Esq.
Public Arbitrator, Presiding Chair

Signature Date

/s/ Anita M. Rowe

11/03/00

Anita M. Rowe, Esq.
Public Arbitrator

Signature Date

/s/ Bradley C. Drake

11/03/00

Bradley C. Drake
Industry Arbitrator

Signature Date

11/06/00

Date of Service (For NASD office use only)

NASD Dispute Resolution, Inc.
Arbitration No. 99-01419
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Concurring Arbitrators' Signatures

Herbert S. Bratt, Esq.
Public Arbitrator, Presiding Chair

November 3, 2000
Signature Date

Anita M. Rowe, Esq.
Public Arbitrator

Signature Date

Bradley C. Drake
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

NASD Dispute Resolution, Inc.

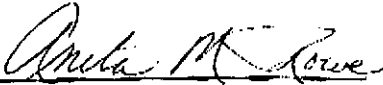
Arbitration No. 99-01419

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Concurring Arbitrators' Signatures

Herbert S. Bratt, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Anita M. Rowe, Esq.
Public Arbitrator

Nov. 3, 2000

Signature Date

Bradley C. Drake
Industry Arbitrator

Signature Date_____
Date of Service (For NASD office use only)

11/03/00 FRI 11:27 FAX

NASD REGULATION

NASD Dispute Resolution, Inc.
Arbitration No. 99-01419
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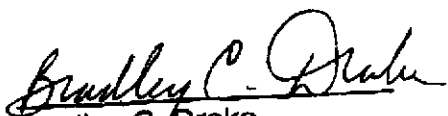
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Herbert S. Bratt, Esq.
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Anita M. Rowe, Esq.
Public Arbitrator

Signature Date



Bradley C. Drake
Industry Arbitrator

11-3-00

Signature Date

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