

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Names of Claimants

Lloyd Beirne
David Davidson

Case No. 99-01913

Names of Respondents

First Liberty Investment Group
Christian L. Emenente
Steven J. Dapuzzo
Dorothy J. Hankinson
James W. O'Connor

REPRESENTATION OF PARTIES

For Lloyd Beirne ("Bierne") and David Davidson ("Davidson"), hereinafter collectively referred to as "Claimants": Herbert M. Jacobi, Esq. New York, New York until a substitution of counsel occurred on June 27, 2000. Thereafter, the Claimants were represented by Jason M. Ewasko, Esq. and Martin P. Russo, Esq., MPR Law Practice, P.C., New York, New York.

For First Liberty Investment Group ("First Liberty"), Christian L. Emenente ("Emenente"), Steven J. Dapuzzo ("Dapuzzo"), Dorothy J. Hankinson ("Hankinson") and James W. O'Connor ("O'Connor"), hereinafter collectively referred to as "Respondents": Nicholas J. Guiliano, Esq., Philadelphia, Pennsylvania.

CASE INFORMATION

Statement of Claim filed on or about: April 26, 1999.
First Amended Statement of Claim filed on or about: September 11, 2000.
Second Amendment to Statement of Claim filed on or about: November 6, 2000.
Claimants signed the Uniform Submission Agreement: April 20, 1999.
Statement of Answer filed by Respondents on or about: July 20, 1999.
Respondent First Liberty signed the Uniform Submission Agreement: July 9, 1999.
Respondent Emenente signed the Uniform Submission Agreement: July 9, 1999.
Respondent Dapuzzo signed the Uniform Submission Agreement: July 9, 1999.
Respondent Hankinson signed the Uniform Submission Agreement: June 22, 1999.
Respondent O'Connor signed the Uniform Submission Agreement: July 9, 1999.

CASE SUMMARY

Claimants asserted the following at the hearing: Claimants are co-owners of D.L. Cromwell Investments, Inc. Respondent First Liberty advised Claimants that it was a co-underwriter in an offering of securities of a company known as 800 Travel Systems (IFLY) and expressed a desire to borrow money from Claimants to qualify for the "firm commitment" net capital requirements for the IFLY offering. Claimant Bierne loaned Respondent First Liberty \$40,000.00 and Claimant Davidson loaned First Liberty \$60,000.00 in return for which they were each to have their loans repaid, plus interest, and were to receive 3,000 underwriter warrants from the IFLY offering. Respondent First Liberty repaid the loans of \$40,000.00 and \$60,000.00 to the Claimants; however, the warrants have never been transferred to Claimants.

Unless specifically admitted in its Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following: The loan by Claimants was a temporary loan and was repaid with interest. It was anticipated that Claimants would participate with Respondent First Liberty as a select dealer in the IFLY offering and would in turn receive 3,000 of Respondent First Liberty's underwriter warrants. Claimants never participated in the offering. The warrants were and continue to be substantially worthless. Further, Claimants do not have standing to bring this action on behalf of their business, D.L. Cromwell; Claimants' claim for failure to deliver the warrants is a breach of contract claim and is void as a matter of law as Claimants did not participate in the offering; Claimants failed to satisfy conditions precedent to their claim by failing to participate in the offering; Claimants' claim is void and unenforceable as against public policy due to their failure to participate in the offering; lastly, Claimants' claim is barred by the Statute of Frauds.

RELIEF REQUESTED

Claimants initially requested compensatory damages of \$360,000.00 but later amended their request for compensatory damages to \$30,000.00, plus interest, attorneys' fees and such other relief as may be deemed appropriate.

Respondents requested that all claims be dismissed in their entirety and that the costs of this action, including attorneys' fees, be assessed against the Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

On September 11, 2000, the Panel granted Claimants request to file an Amended Statement of Claim, to dismiss all claims against Respondent Emenente, Respondent Dapuzzo, Respondent Hankinson and Respondent O'Connor, without prejudice, and to dismiss the claims regarding defamation, business interference and punitive damages.

At the commencement of the evidentiary hearing on November 8, 2000, Claimants' Motion to Compel the Appearance of Steven J. Dapuzzo was granted by the panel.

Also at the commencement of the evidentiary hearing on November 8, 2000, Claimants' Motion to Compel the production of Forms U-4 for Steven Dapuzzo and for Christian L. Emenente was granted by the panel.

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:

Respondent First Liberty is liable, and shall pay to Claimants the sum of \$3,690.00 as compensatory damages plus interest at the legal rate of interest pursuant to Florida Statutes from the date this Award is issued until the date of payment of this Award.

Respondent First Liberty is liable, and shall pay to Claimants the sum of \$300.00 representing reimbursement of the claim filing fee previously paid by Claimants to NASD Dispute Resolution, Inc.

Claimants' request for attorneys' fees is denied.

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

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, 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 firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firms are a party and a firm that employed the associated persons at the time of the events giving rise to the dispute.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

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 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: May 3, 2000	1 session
Four (4) Hearing sessions x \$600.00	= <u>\$2,400.00</u>
Hearing Date(s): November 8, 2000	2 sessions
November 9, 2000	2 sessions
Total Forum Fees	= \$3,000.00

The Panel has assessed the total forum fees of \$3,000.00 to Respondent First Liberty.

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.

No administrative costs were incurred during these proceedings.

Fee Summary

Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$300.00
Total Fees	= \$300.00
<u>Less payments</u>	<u>= \$300.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

Claimants' member firm, D.L. Cromwell Investments, Inc., is solely liable for:

Member Fees	= \$4,600.00
Total Fees	= \$4,600.00
<u>Less payments</u>	<u>= \$3,225.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,375.00

Respondent First Liberty be and hereby is solely liable for:

Member Fees	= \$4,600.00
Forum Fees	= <u>\$3,000.00</u>
Total Fees	= \$7,600.00
<u>Less payments</u>	<u>= \$2,100.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$5,500.00

All balances are payable to NASD Dispute Resolution, Inc. and are due immediately upon receipt of the Award by the parties.

Concurring Arbitrators' Signatures

/s/
Daniel S. Newman, Esq.
Public Arbitrator, Presiding Chair

January 10, 2001
Signature Date

/s/
Iris Marilyn Bass, Esq.
Public Arbitrator

January 11, 2001
Signature Date

/s/
Dennis J. Rosa
Industry Arbitrator

January 11, 2001
Signature Date

January 11, 2001
Date of Service (For NASD-DR office use only)

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Concurring Arbitrators' Signatures



Daniel S. Newman, Esq.
Public Arbitrator, Presiding Chair

1/10/01

Signature Date

Iris Marilyn Bass, Esq.
Public Arbitrator

Signature Date

Dennis J. Rosa
Industry Arbitrator

Signature Date

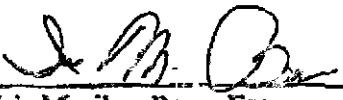
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