

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Robert R. Cline

Case No. 99-02015

Names of Respondents

Bobby James
Rick "Riccardo" White
Brownstone Capital Corp.
Joseph C. Chappelle
Gregory Cooper

REPRESENTATION OF PARTIES

For Robert R. Cline, hereinafter referred to as "Claimant": Patrick Baldwin, Esq. of the law offices of Patrick Baldwin, Menlo Park, California.

Bobby James ("James") and Joseph C. Chappelle ("Chappelle") appeared pro se.

For Brownstone Capital Corp. ("Brownstone Capital"): Susan E. Brune, Esq. of the law offices of Brune & Richard, LLP, New York, New York.

Rick "Riccardo" White ("White") and Gregory Cooper ("Cooper") did not appear.

CASE INFORMATION

Statement of Claim filed on or about: April 30, 1999.

Claimant signed the Uniform Submission Agreement on: April 19, 1999.

Amended Statement of Claim filed on or about: July 22, 1999.

Statement of Answer filed by Respondent James on or about: June 25, 1999.

Respondent James signed the Uniform Submission Agreement on: June 24, 1999.

Statement of Answer filed by Respondent Chappelle on or about: July 21, 1999.

Respondent Chappelle signed the Uniform Submission Agreement on: July 21, 1999.

Respondents Brownstone Capital, White and Cooper did not file Statements of Answer or executed Uniform Submission Agreements.

CASE SUMMARY

Claimant asserted the following causes of action: 1) unauthorized trading; 2) fraud; 3) misrepresentation; 4) breach of fiduciary duty; 5) conversion; 6) negligence; 7) negligent

misrepresentation; 8) unfair business practices; 9) violations of Section 12(2) of the Securities Act of 1933; 10) failure to supervise; and 11) unjust enrichment. The causes of action relate to shares of stock in Zonagen, Inc., the Brownstone Group and the Blackstone Entertainment Group.

Unless specifically admitted in his Answer, Respondent James denied the allegations made in the Statement of Claim and asserted that he did not speak with Claimant about investing in the Brownstone Group or the Blackstone Entertainment Group.

Unless specifically admitted in his Answer, Respondent Chappelle denied the allegations made in the Statement of Claim and asserted the following defenses: 1) Respondent Chappelle never communicated with Claimant; and 2) Respondent Chappelle had no authority to bind Respondent Brownstone Capital to business decisions.

RELIEF REQUESTED

Claimant requested: 1) compensatory damages in an amount of \$45,600.00 or greater; 2) punitive damages; 3) interest; and 4) attorneys' fees.

Respondents James and Chappelle did not specifically delineate relief requests.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Brownstone Capital, Cooper and White did not appear at or participate in the evidentiary hearing. Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondents Brownstone Capital and Cooper have been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without Respondents Brownstone Capital and Cooper present, in accordance with the NASD-DR Code of Arbitration Procedure (the "Code"). Further, the Panel determined that Respondent White had not been served with the Statement of Claim and did not receive due notice of the hearing. Therefore, the Panel dismissed without prejudice all claims against Respondent White. As such, the Panel made no determination on the merits of the claims asserted against Respondent White.

Respondents Brownstone Capital and Cooper did not file with NASD Dispute Resolution, Inc. properly executed submissions to arbitration 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 or about January 6, 2000, Susan E. Brune, Esq. filed with the NASD Dispute Resolution, Inc. notice of court appointment as receiver for Respondent Brownstone Capital.

The parties at the evidentiary hearing appeared by telephone with permission of the Panel. Further, the parties at the evidentiary 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:

1. All claims asserted by Claimant against Respondents James and Chappelle are dismissed with prejudice.
2. All claims asserted by Claimant against Respondent White are dismissed without prejudice.
3. Respondents Cooper and Brownstone Capital are liable, jointly and severally, and shall pay to Claimant compensatory damages in the amount of \$10,000.00, plus interest which shall begin to accrue as of July 16, 1997, at the rate of ten (10.00%) percent per annum, and shall continue to accrue until the Award is paid in full.
4. Claimant's request for punitive damages is denied.
5. All parties shall bear their respective costs, including attorneys' fees.
6. 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	= \$175.00
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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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, Respondent Brownstone Capital was no longer a member firm at the time of service of the claim. Therefore, member fees were not assessed to Respondent Brownstone Capital.

Adjournment Fees

Adjournments requested during these proceedings:

On September 5, 2000, the Panel denied Claimant's motion to adjourn the evidentiary

hearing scheduled for September 19, 20 and 21, 2000.

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:

One (1) Pre-hearing session with Panel x \$600.00 = \$ 600.00
Pre-hearing conference: February 15, 2000 1 session

One (1) Hearing session x \$600.00 = \$ 600.00
Hearing Date: September 19, 2000 1 session

Total Forum Fees = \$1,200.00

The Panel has assessed \$600.00 of the forum fees to Claimant.

The Panel has assessed \$600.00 of the forum fees jointly and severally to Respondents Cooper and Brownstone Capital.

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.

MCI telephone conference call on September 19, 2000 = \$329.00

The Panel has assessed the total administrative costs of \$329.00 jointly and severally to Claimant, Respondent James and Respondent Chappelle.

Fee Summary

Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$175.00
Forum Fees	= \$600.00
Total Fees	= \$775.00
<u>Less payments</u>	<u>= \$775.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$0.00

Respondents Cooper and Brownstone Capital be and hereby are jointly and severally liable for:

Forum Fees	= \$600.00
Total Fees	= \$600.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$600.00

Claimant, Respondent James and Respondent Chappelle be and hereby are jointly and severally liable for:

Administrative Costs	= \$329.00
Total Fees	= \$329.00
<u>Less payments</u>	<u>= \$329.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$0.00

All balances are due and payable to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signatures

/s/
Robert S. Zuckerman, Esq.
Public Arbitrator, Presiding Chair

Signature Date

/s/
Duran G. McDonald
Industry Arbitrator

Signature Date

/s/
Kenneth Hoffner, M.S.
Public Arbitrator

Signature Date

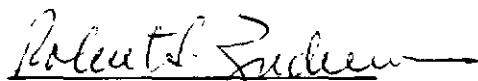
October 10, 2000
Date of Service (For NASD-DR office use only)

Claimant, Respondent James and Respondent Chappelle be and hereby are jointly and severally liable for:

Administrative Costs	= \$329.00
Total Fees	= \$329.00
<u>Less payments</u>	<u>= \$329.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$0.00

All balances are due and payable to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signatures



Robert S. Zuckerman, Esq.
Public Arbitrator, Presiding Chair

9/29/00
Signature Date

Duran G. McDonald
Industry Arbitrator

Signature Date

Kenneth Hoffner, M.S.
Public Arbitrator

Signature Date

Date of Service (For NASD-DR office use only)

Claimant, Respondent James and Respondent Chappelle be and hereby are jointly and severally liable for:

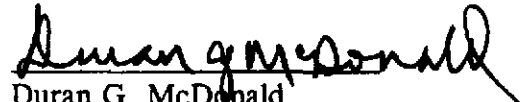
Administrative Costs	= \$329.00
Total Fees	= \$329.00
<u>Less payments</u>	<u>= \$329.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$0.00

All balances are due and payable to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signatures

Robert S. Zuckerman, Esq.
Public Arbitrator, Presiding Chair

Signature Date


Duran G. McDonald
Industry Arbitrator

30 Sept. 2000
Signature Date

Kenneth Hoffner, M.S.
Public Arbitrator

Signature Date

Date of Service (For NASD-DR office use only)

Claimant, Respondent James and Respondent Chappelle be and hereby are jointly and severally liable for:

Administrative Costs	= \$329.00
Total Fees	= \$329.00
<u>Less payments</u>	<u>= \$329.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$0.00

All balances are due and payable to NASD Dispute Resolution, Inc.

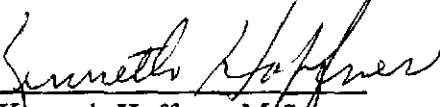
Concurring Arbitrators' Signatures

Robert S. Zuckerman, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Duran G. McDonald
Industry Arbitrator

Signature Date



Kenneth Hoffner, M.S.
Public Arbitrator



Signature Date

Date of Service (For NASD-DR office use only)