

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Mike & Sharon Hovendick,
Dave & Melinda Freisleben,
Spencer & Joy Knapp,
Sozos & Marie Papasozmenos,
George & Irene Mellis,
Robert & Evelyn Brown,
Yvonne Kautsch.

Case No. 99-04505

Name of Respondents

Edwin A. Allseitz, Jr.,
Southwest Securities, Inc.,
SWS Financial Services,
Sunpoint Securities, Inc..

REPRESENTATION OF PARTIES

Claimants, Mike & Sharon Hovendick ("Mr. & Mrs. Hovendick"), Dave & Melinda Freisleben ("Mr. & Mrs. Freisleben"), Spencer & Joy Knapp ("Mr. & Mrs. Knapp"), Sozos & Marie Papasozomenos ("Mr. & Mrs. Papasozomenos"), George & Irene Mellis ("Mr. & Mrs. Mellis"), Robert & Evelyn Brown ("Mr. & Mrs. Brown"), and Yvonne Kautsch ("Ms. Kautsch") herein collectively referred to as ("Claimant's") were represented by Grant Dorfman, Esq. and Judith A. Meyer, Esq., of Ogden, Gibson, White & Brooks, L.L.P located in Houston, Texas.

Respondents, Southwest Securities, Inc. ("Southwest") and SWS Financial Services ("SWS") were represented by Will S. Montgomery, Esq. and John Gerhart, Esq., of Jenkins & Gilchrist located in Dallas, Texas.

Respondent, Edwin A. Allseitz, Jr. ("Mr. Allseitz") was represented by Don Leufven, Esq. of Houston, Texas.

Respondent, Sunpoint Securities, Inc. ("Sunpoint") was represented by Robert G. Richardson, Trustee, of Jackson Walker, L.L.P located in Dallas, Texas.

CASE INFORMATION

Statement of Claim filed on or about: October 4, 1999.

Claimant's Mr. & Mrs. Hovendick signed the Uniform Submission Agreement: October 19, 1999.

Claimant's Mr. & Mrs. Freisleben signed the Uniform Submission Agreement: October 19, 1999.

Claimant's Mr. & Mrs. Knapp signed the Uniform Submission Agreement: October 19, 1999.

Claimant's Mr. & Mrs. Papasozomenos signed the Uniform Submission Agreement: October 19, 1999.

Claimant's Mr. & Mrs. Mellis, signed the Uniform Submission Agreement: January 16, 2001.

Claimant Mr. Brown signed the Uniform Submission Agreement: October 19, 1999.

Claimant Ms. Kautsch signed the Uniform Submission Agreement: October 19, 1999.

Statement of Answer filed by Respondent Southwest on or about: December 23, 1999.

Respondents signed the Uniform Submission Agreement: December 28, 1999.

Statement of Answer filed by Respondent Mr. Allseitz on or about: December 28, 1999.

Respondent Mr. Allseitz signed the Uniform Submission Agreement: December 27, 1999.

Notice of Respondent Sunpoints Bankruptcy Stay was filed on or about: May 4, 2000.

Respondent Sunpoint signed the Uniform Submission Agreement: No USA.

Statement of Answer filed by Respondent SWS on or about: December 22, 1999.

Respondent SWS signed the Uniform Submission Agreement: December 28, 1999.

CASE SUMMARY

Claimant's asserted the following causes of action: breach of fiduciary duty, breach of contract, unsuitability, and violation of securities laws. The causes of action relate to Mr. Allseitz allegedly selling Claimants a thinly traded, highly speculative investment wholly unsuited to their investment needs and objectives. Furthermore, Claimants allege Mr. Allseitz sold their holdings without their approval or authorization.

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

1. Respondent Southwest filed a Motion to Dismiss and Answer to the Statement of Claim stating four affirmative defenses: failure to mitigate damages, waiver, estoppel and ratification.
2. Respondent Allseitz denied unsuitability and unauthorized trading and alleged that claims were barred for failure to state a claim upon which relief may be granted.
3. Respondent SWS set forth four affirmative defenses: failure to mitigate damages, waiver, estoppel, and ratification.

RELIEF REQUESTED

Claimants requested:

Compensatory damages as follows:

Hovendick	\$ 852,914.00
Hovendick	\$ 46,541.00
Freisleben	\$ 19,233.00
Knapp	\$ 441,460.00
Papasozomenos	\$ 614,845.00
Mellis	\$ 133,875.00
Brown	\$ 33,296.00
Kautsch	\$ 56,766.00
Interest	\$ Unspecified
Attorney Fees	\$ 138,920.00
Other Costs	\$ 21,300.00
(Plus Forum Fees)	

Respondents requested that the Statement of Claim be dismissed in its entirety and that they be awarded attorneys' fees, cost, forum fees and any other relief the Panel deemed proper.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent, Sunpoint, filed Notice of Stay from the U.S. Bankruptcy Court on November 19, 1999. Thus, Sunpoint did not participate in the hearing of this matter.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Attorney's fees and expenses to be paid as individually contracted except for awards noted;
2. Claimant's are jointly and severally liable for and shall pay forum fees in the amount of \$18,450.00;
3. Each party shall pay their own costs including, expert witness fees and attorneys fees.
4. Any remaining costs of arbitration shall be borne by the party incurring the cost, except for those specifically enumerated in this award; and
5. Any relief not specifically awarded is hereby 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:	= \$ 500.00
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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 person at the time of the event giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$ 2,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 4,500.00

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

Fourteen (14) Regular hearing sessions x \$1,200.00 = \$ 16,800.00

January 22, 2001	2 sessions
January 23, 2001	2 sessions
January 24, 2001	2 sessions
January 25, 2001	2 sessions
January 26, 2001	2 sessions
January 29, 2001	2 sessions
January 30, 2001	2 sessions

One (1) Pre-hearing session with three (3) arbitrator's x \$ 1200 = \$1200

May 4, 2000 1 session

One (1) Pre-hearing session with one (1) arbitrator x \$ 450.00 = \$450.00

January 18, 2001 1 session

Total Forum Fees = \$ 18,450

Fee Summary

1. Claimants, *Jointly and severally*, be and are hereby is liable for:

Initial Filing Fee	= \$ 500
Forum Fees	= \$ 18,450
<u>Total Fees</u>	<u>= \$ 18,945</u>
<u>Less payments</u>	<u>= \$ 1700</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 17,245

2. Respondent, Southwest Securities Inc. be and hereby is solely liable for:

Member Fees	= \$ 7600
<u>Less payments</u>	<u>= \$ 19,600</u>
Balance to be refunded by NASD Dispute Resolution, Inc.	= \$12000

3. Respondent, Edwin A. Allseitz, Jr. be and hereby is solely liable for:

<u>Less payments</u>	<u>= \$ 1000</u>
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Total Forum Fees

= \$ 18,450

Fee Summary

1. Claimants, *Jointly and severally*, be and are hereby is liable for:

Initial Filing Fee	= \$ 500
<u>Forum Fees</u>	= \$ 18,450
Total Fees	= \$ 18,945
<u>Less payments</u>	= \$ 1,700
Balance Due NASD Dispute Resolution, Inc.	= \$ 17,245

2. Respondent, Southwest Securities Inc. be and hereby is solely liable for:

Member Fees	= \$ 7,600
<u>Less payments</u>	= \$ 19,600
Refunded by NASD Dispute Resolution, Inc.	= \$ 12,000

3. Respondent, Edwin A. Allseitz, Jr. be and hereby is solely liable for:

<u>Postponement Fee (postponement denied)</u>	= \$ 1,000
Refunded by NASD Dispute Resolution, Inc.	= \$ 1,000

4. Respondents, Southwest Financial Services, be and hereby are liable for:

Member Fees	= \$ 7,600
<u>Less Payments</u>	= \$ 14,200
Refunded by NASD Dispute Resolution, Inc.	= \$ 6,600

Concurring Arbitrators' Signatures



Anthony W. Kashouty
Public Arbitrator, Presiding Chair

5/1/2001
Signature Date

Joseph J. Lagi
Public Arbitrator

Signature Date



Nick Sacaris
Industry Arbitrator

4-18-01
Signature Date

Date of Service (For NASD office use only)

Balance to be refunded by NASD Dispute Resolution, Inc. = \$ 1000
(waived by the Panel)

4. Respondents, Southwest Financial Services, be and hereby are liable for:

Member Fees = \$ 7600

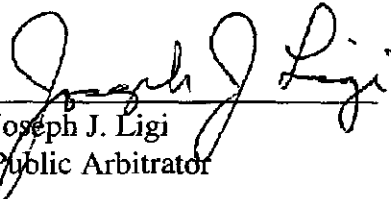
Less Payments = \$ 6600

Balance to be refunded by NASD Dispute Resolution, Inc. = \$14,200

Concurring Arbitrators' Signature(s)

Anthony W. Kashouty
Public Arbitrator, Presiding Chair

Signature Date



Joseph J. Ligi
Public Arbitrator

4-18-01

Signature Date

Nick Scaris
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)