

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Ernest K. Rotering and Janice M. Rotering, Claimants vs. OMNI Financial Securities, Inc., formerly known as Diversified Capital Markets, Inc., Quantum Capital Corporation, Michael Patterson, Inc., Thomas T. Daly and Nancy A. Vargo, Respondents.

Case Number: 99-04839

Hearing Site: Columbus, Ohio

REPRESENTATION OF PARTIES

Claimants, Ernest K. Rotering and Janice M. Rotering ("Rotering"), hereinafter referred to as "Claimants", were represented by Douglas L. Anderson, Esquire, of Porter, Wright, Morris & Arthur, Columbus, Ohio.

Respondent, OMNI Financial Securities, Inc. ("OMNI"), was represented by Dennis Concilla, Esquire, of Carlile, Patchen & Murphy, LLP, Columbus, Ohio.

Respondents, Quantum Capital Corporation ("Quantum") and Nancy A. Vargo ("Vargo"), were represented by Benjamin B. Segel, Esquire, Columbus, Ohio.

At the time its Answer was filed, Respondent, Michael Patterson, Inc., ("Patterson, Inc."), was represented by Thomas E. Switzer, Esquire, of Lane, Alton & Horst, Columbus, Ohio. However, Patterson, Inc. did not appear and was not represented by counsel at the hearing.

Respondent, Thomas T. Daly ("Daly"), was represented by Philip D. Lehmkuhl, Esquire, and Miriam St. Jean, Esquire, Mount Vernon, Ohio.

CASE INFORMATION

Statement of Claim filed on or about: October 27, 1999

Claimants both signed the Uniform Submission Agreement on October 12, 1999.

Joint Statement of Answer filed by Respondents Quantum and Vargo on or about: February 9, 2000

Respondent Nancy Vargo signed the Uniform Submission Agreement on her own behalf and as a representative for Quantum on February 3, 2000.

Statement of Answer filed by Respondent Patterson, Inc. on or about: February 22, 2000

Adolphus DuBose, Jr., on behalf of Respondent, Patterson, Inc., signed the Uniform Submission Agreement on February 14, 2000.

Statement of Answer filed by Respondent Daly on or about: March 6, 2000
Respondent Thomas Daly signed the Uniform Submission Agreement on March 2, 2000.

Statement of Answer filed by Respondent OMNI on or about: March 24, 2000
Robert Ostrander, President of Respondent, OMNI, signed the Uniform Submission Agreement on March 15, 2000.

CASE SUMMARY

Claimants asserted the following causes of action: fraud; negligence; breach of fiduciary duty and violations of the Ohio Consumer Sales Practices Act. The causes of action relate to transactions in the following securities: Salient Systems, Inc., Stearns & Lehman, Inc., Kahiki Supper Club, Inc., Capstead Mortgage, Inc., and Pioneer Financial Corp.

Unless specifically admitted in their Answer, Respondents Quantum and Vargo denied the allegations made in the Statement of Claim and asserted the following defenses: waiver; estoppel; laches; comparative negligence and failure to mitigate.

Unless specifically admitted in its Answer, Respondent Patterson, Inc. denied the allegations made in the Statement of Claim and asserted the following defenses: waiver; estoppel; unclean hands; laches; failure to state a claim upon which relief can be granted; contributory negligence; assumption of the risk and failure to mitigate.

Unless specifically admitted in his Answer, Respondent Daly denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a claim upon which relief can be granted; failure to mitigate; assumption of the risk and violation of the applicable statute of limitations.

Unless specifically admitted in its Answer, Respondent OMNI denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a claim upon which relief can be granted; waiver; estoppel and laches.

RELIEF REQUESTED

Claimants requested:

Compensatory and Punitive Damages	\$250,000.00
Treble Damages	\$500,000.00
Attorney's Fees	unspecified
Interest	unspecified
Costs	unspecified

Claimants also requested rescission of the transactions giving rise to the dispute.

All Respondents requested that all claims be dismissed with prejudice. With the exception of Respondent Daly, all Respondents requested that they be awarded costs incurred in arbitration.

Respondents Quantum, Vargo, and OMNI requested that all fees be borne by Claimants.

Respondents Vargo and OMNI requested that their Central Registration Depository ("CRD") records be expunged.

OTHER ISSUES CONSIDERED AND DECIDED

The dispositive Motions described below were filed by various Respondents. On or about November 21, 2000, the Panel ruled on these Motions as follows:

The Motion to Dismiss filed by Respondent OMNI on or about March 24, 2000 and argued by telephone on September 1, 2000, was **granted**. The Panel assessed forum fees incurred through September 1, 2000, equally between all parties, including OMNI.

The Motion to Dismiss filed by Respondent Vargo on September 25, 2000, was held for consideration at the hearing.

*At the close of the hearing, the Panel **granted** this Motion.*

The Motion to Dismiss the Statement of Claim as Against Thomas Daly for Failure to Provide Discovery filed on or about September 18, 2000, was **denied**.

The Motion to Dismiss the Sixth Cause of Action [Claimants' request for rescission] as Related to the Shares of Capstead Mortgage, Inc., filed by Respondent Daly on or about September 22, 2000, was held for consideration at the hearing.

*At the close of the hearing, the Panel **granted** this Motion.*

The Motion to Dismiss Counts Two [fraud], Three [negligence] and Four [breach of fiduciary duty] of the Statement of Claim as Related to the Securities of Salient Systems, Inc., Stearns & Lehman, Inc. and Kahiki Supper Club, Inc., filed by Respondent Daly on or about September 22, 2000, was held for consideration at the hearing.

At the close of the hearing, the Panel denied this Motion.

The Motion to Dismiss All Counts of the Statement of Claim as Related to Pioneer Capital Corp., filed by Respondent Daly on or about September 22, 2000, was held for consideration at the hearing.

At the close of the hearing, the Panel granted this Motion.

The Motion to Dismiss the Fifth Cause of Action [violations of the Ohio Consumer Sales Practices Act] of the Statement of Claim as Barred by the Applicable Statute of Limitations, filed by Respondent Daly on or about September 20, 2000, was held for consideration at the hearing.

At the close of the hearing, the Panel denied this Motion.

The Motion for Summary Judgment on Counts Three and Four of the Statement of Claim as Related to Shares of Salient Systems, Inc. and Kahiki Supper Club, Inc., filed by Respondent Daly on or about September 25, 2000, was held for consideration at the hearing.

At the close of the hearing, the Panel denied this Motion.

The Motion for Summary Judgment on Counts Two, Three and Four of the Statement of Claim as Related to Capstead Mortgage, Inc., filed by Respondent Daly on or about September 22, 2000, was held for consideration at the hearing.

At the close of the hearing, the Panel granted this Motion.

Upon review of the file and the representations made by/on behalf of the Claimants, the undersigned Panel determined that Respondent Patterson, Inc. had been properly served with the Statement of Claim, had filed an Answer, had signed the Uniform Submission Agreement and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

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. The Panel finds in favor of the Claimants, and awards compensatory damages. Respondents, Quantum Capital Corporation, doing business as Diversified Capital Markets, and Thomas T. Daly, are jointly and severally liable for, and shall pay to Claimants, Ernest K. Rotering and Janice M. Rotering:
 - a. **\$10,592.00** (Ten Thousand Five Hundred Ninety-two Dollars and No Cents) in compensatory damages; and
 - b. **\$2,881.00** (Two Thousand Eight Hundred Eighty-one Dollars and No Cents) in interest accrued from March 25, 1998.
2. Pursuant to the Panel's earlier rulings, all claims against Respondents OMNI and Vargo are dismissed with prejudice.
3. All claims against Patterson, Inc. are dismissed with prejudice.
4. Except as enumerated herein, all parties shall bear their own costs and attorneys' fees.
5. **Any and all** relief not **specifically** addressed herein, including punitive and treble damages, is denied.

FEEES

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 = \$ 375

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, the member firms are OMNI Financial Securities, Inc., Quantum Capital Corporation and Michael Patterson, Inc.

Member surcharge	= \$2,000 each
Pre-hearing process fee	= \$ 600 each
Hearing process fee	= \$3,500 each

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:

Two (2) Pre-hearing sessions with Panel x \$1,200	= \$ 2,400
Pre-hearing conference: June 26, 2000	1 session
September 1, 2000	1 session
Seven (7) Hearing sessions x \$1,200	= \$ 8,400
Hearing Date(s) December 11, 2000	2 sessions
December 12, 2000	3 sessions
December 13, 2000	2 sessions
Total Forum Fees	= \$10,800

The Panel has assessed \$400 in forum fees to Claimants, jointly and severally, and \$400 each, solely in each case, to Respondents OMNI Financial Securities, Inc., Quantum Capital Corporation, Michael Patterson, Inc., Nancy A. Vargo and Thomas T. Daly.

The Panel has assessed \$8,400 in forum fees to Respondents Quantum Capital Corporation and Thomas T. Daly, jointly and severally.

Fee Summary

1. Claimants, Ernest K. Rotering and Janice M. Rotering, be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 375
Forum Fees	= \$ 400
Total Fees	= \$ 775
Less payments	= \$ 1,575
Balance Due NASD Dispute Resolution, Inc.	= \$ (800)

NASD Dispute Resolution, Inc. will refund this \$800 to Claimants.

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

Member Fees	= \$ 6,100
Forum Fees	= \$ 400
Total Fees	= \$ 6,500
Less payments	= \$ 2,100
Balance Due NASD Dispute Resolution, Inc.	= \$ 4,400

3. Respondent, Michael Patterson, Inc., be and hereby is solely liable for:

Member Fees	= \$ 6,100
Forum Fees	= \$ 400
Total Fees	= \$ 6,500
Less payments	= \$ 0
Balance Due NASD Dispute Resolution, Inc.	= \$ 6,500

4. Respondent, Nancy Vargo, be and hereby is solely liable for:

Forum Fees	= \$ 400
Total Fees	= \$ 400
Less payments	= \$ 0
Balance Due NASD Dispute Resolution, Inc.	= \$ 400

5. Respondent, Quantum Capital Corporation, be and hereby is solely liable for:

Member Fees	= \$ 6,100
Forum Fees	= \$ 400
Total Fees	= \$ 6,500
Less payments	= \$ 1,500
Balance Due NASD Dispute Resolution, Inc.	= \$ 5,000

6. Respondent, Thomas T. Daly, be and hereby is solely liable for:

Forum Fees	= \$ 400
Total Fees	= \$ 400
Less payments	= \$ 0
Balance Due NASD Dispute Resolution, Inc.	= \$ 400

7. Respondents, Quantum Capital Corporation and Thomas T. Daly, be and hereby are jointly and severally liable for:

Forum Fees	= \$ 8,400
Total Fees	= \$ 8,400
Less payments	= \$ 0
Balance Due NASD Dispute Resolution, Inc.	= \$ 8,400

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

(concurring arbitrators' signatures on next page)

Concurring Arbitrators' Signature(s)

Charles D. Underwood, Jr.
Charles D. Underwood, Jr., Esq.
Public Arbitrator, Presiding Chair

February 22, 2001
Signature Date

Thomas R. Skulina
Thomas R. Skulina, Esq.
Public Arbitrator

February 13, 2001
Signature Date

AnnDrea M. Benson
AnnDrea M. Benson, Esq.
Non-Public Arbitrator

February 13, 2001
Signature Date

February 23, 2001
Date of Service (For NASD-DR office use only)

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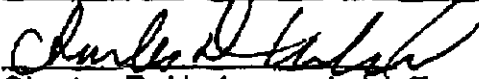
TEL: 614 238 6790

NASD REGULATION

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2-22-01
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Signature Date



2-13-01

Thomas R. Skulina, Esq.
Public Arbitrator

Signature Date

AnnDrea M. Benson, Esq.
Non-Public Arbitrator

Signature Date

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Co. NASD	Co.	
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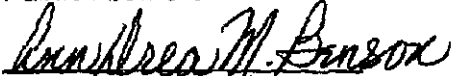
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Public Arbitrator, Presiding Chair

Signature Date

Thomas R. Skullna, Esq.
Public Arbitrator

Signature Date


AnnDrea M. Benson, Esq.
Non-Public Arbitrator

Feb. 13, 2001
Signature Date

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