

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

David Daniels and Susan Daniel, (Claimants) vs. Michael S. Huber and Waterford Capital, Inc. (Respondents).

Case Number: 99-04886 Hearing Site: Dallas, Texas

REPRESENTATION OF PARTIES

Claimants, David Daniels and Susan Daniels, ("Claimants"): Kevin P. Conway, Esq.: Conway & Conway, located in New York, New York.

Respondent, Waterford Capital, Inc. ("Respondent Waterford"): George W. Fazakerly, Esq. : Vial, Hamilton, Koch & Knox, located in Dallas, Texas.

Respondent Michael Erwin Huber ("Respondent Huber"): E. Steve Watson, Esq., The law offices of E. Steve Watson, located in Dallas, Texas.

CASE INFORMATION

Statement of Claim filed on or about: October 29, 1999. Statement of Amended Claim filed on or about May 3, 1999.

Claimants David Daniels and Susan Daniels signed the Uniform Submission Agreement: November 24, 1998

Statement of Answer filed by Respondent, Waterford Capital, Inc., on or about: February 24, 2000. Statement of Answer to Claimants' Amended Statement of Claim filed on or about February 23, 2000.

Respondent, Waterford Capital Inc. signed the Uniform Submission Agreement: February 22, 2000.

Statement of Answer to Claimants' Amended Statement of Claim filed by Respondent, Michael E. Huber, on or about: May 30, 2000.

The NASD has no record of Respondent, Michael E. Huber's signed Uniform

Submission Agreement:

CASE SUMMARY

Claimants asserted causes of action including the following: Fraud, breach of contract, breach of contract to repay a loan to Respondent Huber of \$16,000.00; breach of fiduciary duty, negligence, failure to supervise, violation of NASD rules, violation of the Texas Deceptive Trade Practices Act, Intentional infliction of Emotional Distress. The causes of action relate to purchases and sales of K-Tel, Abel Telcom Holding Corporation, Quantum Corp. stock in the Claimants' account.

Unless specifically admitted in its Answer, Respondent Waterford Capital, Inc. denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants made an informed decision to pursue their own investment strategy; Claimants never place a limit order; Claimants accepted and ratified all transactions, thereby waiving their right to object to them; A broker does not owe its nondiscretionary account holders a fiduciary duty; The account agreement contains a choice of law provision, electing Minnesota, thereby precluding any claim under Texas law; The losses incurred by Claimants are due to the risky and speculative nature of the Claimants' investment strategy coupled with a possible manipulation of KTEL stock by third parties not joined in the arbitration.

Unless specifically admitted in its Answer, Respondent Michael E. Huber denied the allegations made in the Statement of Claim and asserted the following defenses: The Claimants came to Waterford with experience including prior knowledge and experience with short selling, short term investing and margin. They knew the risks and were will to put 5% of their net worth in this strategy; The Claimants state that of the eight round trip trades during the two months their trading assets were at Waterford, the four that were profitable (Broadvision, Simone, Central Holding, Think New Ideas and Bradley Pharmaceuticals) were all authorized and the four that were losers (KTEL, Able Telecom, Homecom and Quantum) were all unauthorized. This selective memory process indicated that they wanted all the rewards of trading but none of the downside; Huber admits to borrowing \$16,000.00 from the Claimants and to not paying it back as of yet, but finds it perplexing that Claimants would lend him the money after having experiences unauthorized trades in their account.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$54,916.00
Punitive Damages	unspecified
Interest	unspecified
Attorneys' Fees	unspecified

Other Costs	unspecified
Other Monetary/treble damages:	unspecified

Respondent Waterford requested:	
Other Monetary/Non-Monetary Relief:	unspecified

Respondent Huber requested:	
Other Monetary/Non-Monetary Relief:	unspecified

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Michael E. Huber did not file with the NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Arbitration Panel on all issues submitted.

At the hearing, Claimants made a Motion for Summary Judgment on the issue of Respondent Huber's failure to pay back a sixteen thousand dollar (\$16,000.00) loan that they allegedly made to him. The panel heard arguments from all parties and counsel. After the panel considered the arguments presented, they granted the Motion. The award of sixteen thousand dollars (\$16,000.00) that results from the ruling of the panel, is detailed in the award section below.

The parties have agreed that the Award in this matter may be executed in any counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

1. That Respondents Waterford Capital, Inc. and Michael E. Huber are jointly and severally liable for and shall pay to Claimants David Daniels and Susan Daniels the sum of sixteen thousand, five hundred thirty four dollars (\$16,534.00) in compensatory damages plus 6% interest to accrue from April 21, 2000 until the award is paid in full; and
2. That Respondent Michael E. Huber is solely liable for and shall pay to Claimants David Daniels and Susan Daniels the sum of sixteen thousand dollars (\$16,000.00) plus 6% interest to accrue from April 21, 2000 until the award is paid in full; and
3. Any and all relief not specifically addressed herein, including punitive and treble damages, is denied.

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 = \$225.00

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 events giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge = \$1,000.00
Pre-hearing process fee = \$600.00
Hearing process fee = \$1,500.00

Forum Fees and Assessments

The Arbitration 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) Rehearing session with Panel x \$750.00	= \$750.00
Pre-hearing conference(s): Date	1 session
Five (5) Hearing sessions x \$750.00	= \$3,750.00
Hearing Date(s):	November 7, 2000 2 sessions
	November 8, 2000 3 sessions
Total Forum Fees	= \$4,500.00

1. The Arbitration Panel has assessed \$1,500.00 of the forum fees solely to Respondent Waterford Capital, Inc.
2. The Arbitration Panel has assessed \$1,500.00 of the forum fees solely to Michael E. Huber
3. The Arbitration Panel has assessed \$1,500.00 of the forum fees jointly and severally to Claimants David Daniels and Susan Daniels.

Fee Summary

1. Claimants, David Daniels and Susan Daniels, be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$225.00
Forum Fees	= \$1,500.00
<u>Administrative Costs</u>	= \$0
Total Fees	= \$1,725.00
<u>Less payments</u>	= \$975.00
Balance Due NASD Dispute Resolution, Inc.	= \$750.00

2. Respondent, Waterford Capital, Inc., be and hereby is solely liable for:

Member Fees	= \$3,100.00
Forum Fee	= \$1,500.00
<u>Administrative Costs</u>	= \$0
Total Fees	= \$4,600.00
<u>Less payments</u>	= \$2,312.50
Balance Due NASD Dispute Resolution, Inc.	= \$2,287.50

4. Respondent, Michael E. Huber, be and hereby is solely liable for:

Forum Fee	= \$1,500.00
<u>Less payments</u>	= \$0
Balance Due NASD Dispute Resolution, Inc.	= \$1,500.00

All balances are due to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signature

Delores Martin

January 10, 2001

Delores Martin
Industry Arbitrator, Presiding Chair

Signature Date

/s/ Jerry Prestridge

January 11, 2001

Jerry Prestridge, Esq.
Public Arbitrator

Signature Date

/s/ James A. Hayden

January 12, 2001

James A. Hayden
Public Arbitrator

Signature Date

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4. Respondent, Michael E. Huber, be and hereby is solely liable for:

Forum Fee	= \$1,500.00
Less payments	= \$0
Balance Due NASD Dispute Resolution, Inc.	= \$1,500.00

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Concurring Arbitrators' Signature


Delores Martin
Industry Arbitrator, Presiding Chair

1-10-01
Signature Date

Jerry Prestridge, Esq.
Public Arbitrator

Signature Date

James A. Hayden
Public Arbitrator

Signature Date

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Industry Arbitrator, Presiding Chair


Jerry Prestridge, Esq.
Public Arbitrator

Signature Date


Jan. 11, 2001
Signature Date

James A. Hayden
Public Arbitrator

Signature Date

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Delores Martin
Industry Arbitrator, Presiding Chair

Jerry Prestridge, Esq.
Public Arbitrator


James A. Hayden
Public Arbitrator

Signature Date

Signature Date


Signature Date