

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Names of Claimants

Louis and Hilda Friedland

Case No. 99-04964

Names of Respondents

Securities Service Network, Inc.
Steven Schaefer

Hearing Site: Tampa, Florida

REPRESENTATION OF PARTIES

For Louis and Hilda Friedland, hereinafter referred to as "Claimants": Stephen D. Spivey, P.A., Ocala, Florida.

For Respondent Securities Service Network, Inc. ("SSN"): Christopher G. Lazarini, Esq. of Tate, Lazarini & Beall, PLC, Memphis, Tennessee.

Respondent Steven Schaefer appeared pro se.

CASE INFORMATION

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

Amended Statement of Claim filed on or about: October 6, 2000.

Reply to Answer filed on or about: February 25, 2000.

Claimants' Response to Respondent Steven Schaefer's Motion to Dismiss filed on or about: August 31, 2001.

Claimant Louis Friedland signed the Uniform Submission Agreement: October 29, 1999.

Claimant Hilda Friedland signed the Uniform Submission Agreement: December 26, 2001.

Answer of Securities Service Network, Inc. filed on or about: February 22, 2000.

Answer of Securities Service Network, Inc. to Claimants' Amended Statement of Claim filed on or about: November 3, 2000.

Respondent SSN signed the Uniform Submission Agreement: February 25, 2000.

Answer and Motion to Dismiss filed by Respondent Schaefer on or about: August 3, 2001.

Respondent Schaefer did not file an executed Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: violations of the Florida Securities Investor Protection Act, Securities Act of 1934, Securities Exchange Act of 1933 and state and federal law; fraud; misrepresentation; unsuitability; and negligent supervision. The causes of action relate to the sale by Respondents to Claimants of two unregistered securities styled as Promissory Notes which are in default and worthless.

Unless specifically admitted in its Answer, Respondent SSN denied the allegations made in the Statement of Claim and the Amended Statement of Claim and asserted the following defenses: Claimants were not clients of SSN; SSN did not know of, did not approve of, nor was it involved with Claimants' private loan to Respondent Schaefer; the Promissory Notes at issue do not mention SSN; and, SSN did not receive any compensation in connection with Claimants' loan to Respondent Schaefer nor did it pay any commissions or other compensation to Respondent Schaefer in connection with the transaction.

Unless specifically admitted in his Answer, Respondent Schaefer denied the allegations made in the Amended Statement of Claim and asserted the following defenses: the NASD and the arbitration panel lack jurisdiction over Respondent Schaefer; and, the statute of limitations bars Claimants' claim.

RELIEF REQUESTED

Claimants requested damages of \$100,000.00, plus interest at the legal rate thereon and all costs of bringing this action, including attorneys' fees.

Respondent SSN requested that the claims against it be dismissed and that it be awarded its costs and attorneys' fees for having to defend against this action.

Respondent Schaefer requested that the claim be dismissed.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Schaefer did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, is bound by the determination of the Panel on all issues submitted.

On or about April 3, 2001, Claimants' counsel informed NASD Dispute Resolution, Inc. that Claimants had entered into a settlement agreement with Respondent SSN and as such, had dismissed, with prejudice, all claims against Respondent SSN.

On or about September 18, 2001, the arbitration panel issued an order which denied Respondent Schaefer's motion to dismiss.

Respondent Schaefer did not attend the evidentiary hearing in this matter. Upon review of the file and the representations made by/on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Respondent Schaefer has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the Code.

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

The second public arbitrator selected in this matter, Gary William England, did not attend the evidentiary hearing. The parties present at the hearing, Claimants, agreed to proceed with two arbitrators pursuant to Rule 10313 of the Code.

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:

Respondent Schaefer is liable and shall pay to Claimants the sum of \$100,000.00 plus interest at the legal rate in Florida from October 29, 1999 until the date of payment of the Award. The award is based upon Respondent Schaefer's violation of the Florida Securities Investor Protection Act.

Respondent Schaefer is liable and shall pay to Claimants the sum of \$225.00 representing reimbursement of the claim filing fee previously paid by Claimants to NASD Dispute Resolution, Inc.

The issue of the amount of attorneys' fees to be awarded to Claimants from Respondent Schaefer is referred to a court of competent jurisdiction for a determination.

Any and all 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 = \$225.00

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 firm is a party.

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

Adjournment Fees

Adjournments requested during these proceedings:

February 7, 8 and 9, 2001 Hearing Dates, adjournment by Respondent SSN, \$750.00
adjournment fee waived by the Panel.

April 19, 20 and 21, 2001 Hearing Dates, adjournment by Claimants, \$750.00
adjournment fee waived by the Panel.

Forum Fees and Assessments

The panel has the authority to assess 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 Pre-hearing sessions with Panel x \$750.00	= \$1,500.00
Pre-hearing conferences: September 12, 2000	1 session
January 5, 2001	1 session
One Hearing session x \$750.00	= \$750.00
Hearing Date: December 12, 2001	1 session

Total Forum Fees	= \$2,250.00
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The panel has assessed the total forum fees of \$2,250.00 to Respondent Schaefer.

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.

Claimants requested copies from the file at a cost of \$33.75.

Fee Summary

Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$225.00
Administrative Costs	= \$33.75

Total Fees	= \$258.75
Less payments	= \$258.75

Balance Due NASD Dispute Resolution, Inc.	= \$0.00
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Respondent SSN be and hereby is solely liable for:

Member Fees	= \$3,100.00
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Total Fees	= \$3,100.00
Less payments	= \$3,100.00

Balance Due NASD Dispute Resolution, Inc.	= \$0.00
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Respondent Schaefer be and hereby is solely liable for:

Forum Fees	= \$2,250.00
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Total Fees	= \$2,250.00
Less payments	= \$0.00

Balance Due NASD Dispute Resolution, Inc.	= \$2,250.00
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All balances are due and payable to NASD Dispute Resolution, Inc. immediately upon receipt of the Award by the parties pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

<i>Richard D. Flemings</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Richard L. Akin</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

/s/
Richard D. Flemings
Public Arbitrator, Presiding Chair

Signature Date

/S/
Richard L. Akin
Non-Public Arbitrator

Signature Date

January 10, 2002
Date of Service (For NASD-Dispute Resolution office use only)

Fee Summary

Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$225.00
Administrative Costs	= \$33.75

Total Fees	= \$258.75
Less payments	= \$258.75

Balance Due NASD Dispute Resolution, Inc.	= \$0.00
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Respondent SSN be and hereby is solely liable for:

Member Fees	= \$3,100.00
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Total Fees	= \$3,100.00
Less payments	= \$3,100.00

Balance Due NASD Dispute Resolution, Inc.	= \$0.00
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Respondent Schaefer be and hereby is solely liable for:

Forum Fees	= \$2,250.00
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Total Fees	= \$2,250.00
Less payments	= \$0.00

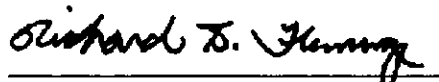
Balance Due NASD Dispute Resolution, Inc.	= \$2,250.00
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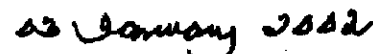
ARBITRATION PANEL

Richard D. Flemings	-	Public Arbitrator, Presiding Chair
Richard L. Akin	-	Non-Public Arbitrator


Concurring Arbitrators' Signatures



Richard D. Flemings
Public Arbitrator, Presiding Chair



Signature Date


Richard L. Akin
Non-Public Arbitrator

1/2/02
Signature Date

Date of Service (For NASD-Dispute Resolution office use only)