

**Award**  
**NASD Dispute Resolution, Inc.**

---

In the Matter of the Arbitration Between:

Frederic M. Gregory, Individually and as Beneficiary of the Frederic M. Gregory, IRA, Claimant  
v. American Income Securities, Inc., Frank Hickcox, II, Sean Zarinegar, Clayton E. Dilliard, II  
and Dennis P. Stahr, Respondents

Case Number: 00-04037

Hearing Site: Los Angeles, California

---

**REPRESENTATION OF PARTIES**

For Claimant Fredric M. Gregory:

Jonathan W. Evans  
Law Offices of Jonathan W.  
Evans & Associates  
Los Angeles, California

For Respondent Clayton E. Dilliard, II:

Clayton E. Dilliard, II  
In Propria Persona  
City of Industry, California

For Respondent Dennis P. Stahr:

Ronald Marron  
Marron & Wilson, LLP  
San Diego, California

**CASE INFORMATION**

Statement of Claim filed: August 18, 2000

Claimant's Uniform Submission Agreement signed: August 30, 2000

Statement of Answer filed by Respondent Clayton E. Dilliard, II: November 6, 2000

Respondent Clayton E. Dilliard, II's Uniform Submission Agreement signed: November 6, 2000

Statement of Answer filed by Respondent Dennis P. Stahr: November 7, 2000

Respondent Dennis P. Stahr's Uniform Submission Agreement signed: November 7, 2000

### **CASE SUMMARY**

Claimant alleged negligence, fraud, suitability, breach of fiduciary duty, failure to supervise, breach of contract, and violations of federal securities laws and NASD rules and regulations.

Respondents Clayton E. Dilliard, II and Dennis P. Stahr denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim.

### **RELIEF REQUESTED**

Claimant requested \$282,993.63 in compensatory damages, disgorgement of commissions according to proof, rescission of all transactions, a reasonable rate of return on sums invested, interest, punitive damages, costs, and attorney's fees.

Respondent Clayton E. Dilliard, II requested dismissal of the Claimant's Statement of Claim in its entirety and expungement of his CRD record.

Respondent Dennis P. Stahr requested dismissal of the Claimant's Statement of Claim in its entirety, expungement of his CRD record, costs, and attorney's fees.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Respondent Sean Zarinegar was discharged from bankruptcy on July 31, 2000.

Claimant dismissed Respondent Dennis P. Stahr without prejudice on May 4, 2001.

Respondents American Income Securities, Inc. and Frank Hickcox did not file with the NASD Dispute Resolution, Inc. a properly executed submission agreement but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

The parties 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, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1). Respondents American Income Securities, Inc. and Frank Hickcox, II committed fraud upon the Claimant.

- 2) Respondents American Income Securities, Inc. and Frank Hickcox, II are jointly and severally liable to and shall pay Claimant the sum of \$271,996.79 in compensatory damages.
- 3) Respondents American Income Securities, Inc. and Frank Hickcox, II are jointly and severally liable to and shall pay Claimant the sum of \$25,000.00 in punitive damages.
- 4) Respondents American Income Securities, Inc. and Frank Hickcox, II are jointly and severally liable to and shall pay Claimant the sum of \$300.00 in costs.
- 5) Claimant's Statement of Claim against Respondent Clayton E. Dilliard, II is expressly denied and all claims made against Respondent Clayton E. Dilliard, II are hereby dismissed with prejudice.
- 6) The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Clayton E. Dilliard, II's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Clayton E. Dilliard, II must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 7) Except as noted above, the parties shall bear their respective costs and attorney's fees.
- 8) All other relief not expressly granted is denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD Dispute Resolution, Inc. received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 300.00
--------------------------	-------------

#### **Member Fees**

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm American Income Securities, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$ 2,500.00</u>
<b>Total Member Fees</b>	<b>= \$ 4,600.00</b>

**Forum Fees and Assessments**

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Panel. The following fees are assessed:

(2) Pre-hearing conference sessions with the Panel @ \$1,125.00/session	= \$ 2,250.00
Pre-hearing conferences:      March 7, 2001                      1 session	
September 19, 2001                      1 session	
(1) Hearing session @ \$ 1,125.00/session	= \$ 1,125.00
Hearing:                              October 29, 2001                      1 session	
<b>Total Forum Fees</b>	<b>= \$ 3,375.00</b>

The Panel assessed \$3,375.00 of the forum fees jointly and severally to Respondents American Income Securities, Inc. and Frank Hickcox, II.

**Fee Summary**

1. Claimant, Frederic M. Gregory, is charged with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Less payments	= \$(1,425.00)
<b>Refund Due Claimant</b>	<b>= \$(1,125.00)</b>
2. Respondent, American Income Securities, Inc., is charged with the following fees and costs:

Member Fees	= \$ 4,600.00
Less payments	= \$(2,100.00)
<b>Balance Due NASD Dispute Resolution, Inc.</b>	<b>= \$ 2,500.00</b>
3. Respondents, American Income Securities, Inc. and Frank Hickcox, II are charged jointly and severally with the following fees and costs:


<b>Forum Fees</b>	<b>= \$ 3,375.00</b>
<b>Balance Due NASD Dispute Resolution, Inc.</b>	<b>= \$ 3,375.00</b>

All balances are payable to NASD Dispute Resolution, Inc. and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

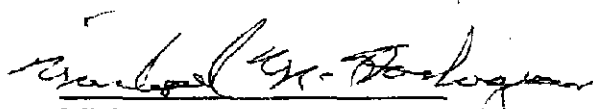
**ARBITRATION PANEL**

<i>Jerry Ellner, Esq.</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Michael M. Hachigian, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Joel D. Davidman</i>	-	<i>Non-Public Arbitrator</i>


**Concurring Arbitrators' Signatures**

  
Jerry Ellner, Esq.  
Chair, Public Arbitrator

10/29/01  
Signature Date

  
Michael M. Hachigian, Esq.  
Public Arbitrator

10/29/01  
Signature Date

  
Joel D. Davidman  
Non-Public Arbitrator

10/29/01  
Signature Date

10/29/01  
Date of Service

**Award**  
**NASD Dispute Resolution, Inc.**

---

In the Matter of the Arbitration Between:

Frederic M. Gregory, Individually and as Beneficiary of the Frederic M. Gregory, IRA, Claimant  
v. American Income Securities, Inc., Frank Hickcox, II, Sean Zarinegar, Clayton E. Dilliard, II  
and Dennis P. Stahr, Respondents

Case Number: 00-04037

Hearing Site: Los Angeles, California

---

**REPRESENTATION OF PARTIES**

For Claimant Fredric M. Gregory:

Jonathan W. Evans  
Law Offices of Jonathan W.  
Evans & Associates  
Los Angeles, California

For Respondent Clayton E. Dilliard, II:

Clayton E. Dilliard, II  
In Propria Persona  
City of Industry, California

For Respondent Dennis P. Stahr:

Ronald Marron  
Marron & Wilson, LLP  
San Diego, California

**CASE INFORMATION**

Statement of Claim filed: August 18, 2000

Claimant's Uniform Submission Agreement signed: August 30, 2000

Statement of Answer filed by Respondent Clayton E. Dilliard, II: November 6, 2000

Respondent Clayton E. Dilliard, II's Uniform Submission Agreement signed: November 6, 2000

Statement of Answer filed by Respondent Dennis P. Stahr: November 7, 2000

Respondent Dennis P. Stahr's Uniform Submission Agreement signed: November 7, 2000

### **CASE SUMMARY**

Claimant alleged negligence, fraud, suitability, breach of fiduciary duty, failure to supervise, breach of contract, and violations of federal securities laws and NASD rules and regulations.

Respondents Clayton E. Dilliard, II and Dennis P. Stahr denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim.

### **RELIEF REQUESTED**

Claimant requested \$282,993.63 in compensatory damages, disgorgement of commissions according to proof, rescission of all transactions, a reasonable rate of return on sums invested, interest, punitive damages, costs, and attorney's fees.

Respondent Clayton E. Dilliard, II requested dismissal of the Claimant's Statement of Claim in its entirety and expungement of his CRD record.

Respondent Dennis P. Stahr requested dismissal of the Claimant's Statement of Claim in its entirety, expungement of his CRD record, costs, and attorney's fees.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Respondent Sean Zarinegar was discharged from bankruptcy on July 31, 2000.

Claimant dismissed Respondent Dennis P. Stahr without prejudice on May 4, 2001.

Respondents American Income Securities, Inc. and Frank Hickcox did not file with the NASD Dispute Resolution, Inc. a properly executed submission agreement but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

The parties 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, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondents American Income Securities, Inc. and Frank Hickcox, II committed fraud upon the Claimant.

- 2) Respondents American Income Securities, Inc. and Frank Hickcox, II are jointly and severally liable to and shall pay Claimant the sum of \$271,996.79 in compensatory damages.
- 3) Respondents American Income Securities, Inc. and Frank Hickcox, II are jointly and severally liable to and shall pay Claimant the sum of \$25,000.00 in punitive damages.
- 4) Respondents American Income Securities, Inc. and Frank Hickcox, II are jointly and severally liable to and shall pay Claimant the sum of \$300.00 in costs.
- 5) Claimant's Statement of Claim against Respondent Clayton E. Dilliard, II is expressly denied and all claims made against Respondent Clayton E. Dilliard, II are hereby dismissed with prejudice.
- 6) The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Clayton E. Dilliard, II's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Clayton E. Dilliard, II must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 7) Except as noted above, the parties shall bear their respective costs and attorney's fees.
- 8) All other relief not expressly granted is denied.

#### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD Dispute Resolution, Inc. received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 300.00
--------------------------	-------------

#### **Member Fees**

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm American Income Securities, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 600.00
Hearing Process Fee	= \$ 2,500.00
<b>Total Member Fees</b>	<b>= \$ 4,600.00</b>



### **Forum Fees and Assessments**

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Panel. The following fees are assessed:

(2) Pre-hearing conference sessions with the Panel @ \$1,125.00/session	= \$ 2,250.00
Pre-hearing conferences:      March 7, 2001                      1 session	
September 19, 2001                      1 session	
(1) Hearing session @ \$ 1,125.00/session	= \$ 1,125.00
Hearing:                      October 29, 2001                      1 session	
<b>Total Forum Fees</b>	<b>= \$ 3,375.00</b>

The Panel assessed \$3,375.00 of the forum fees jointly and severally to Respondents American Income Securities, Inc. and Frank Hickcox, II.

### **Fee Summary**

1. Claimant, Frederic M. Gregory, is charged with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Less payments	= \$(1,425.00)
<b>Refund Due Claimant</b>	<b>= \$(1,125.00)</b>
2. Respondent, American Income Securities, Inc., is charged with the following fees and costs:

Member Fees	= \$ 4,600.00
Less payments	= \$(2,100.00)
<b>Balance Due NASD Dispute Resolution, Inc.</b>	<b>= \$ 2,500.00</b>
3. Respondents, American Income Securities, Inc. and Frank Hickcox, II are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 3,375.00
<b>Balance Due NASD Dispute Resolution, Inc.</b>	<b>= \$ 3,375.00</b>

All balances are payable to NASD Dispute Resolution, Inc. and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

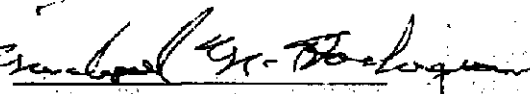
**ARBITRATION PANEL**

<i>Jerry Ellner, Esq.</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Michael M. Hachigian, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Joel D. Davidman</i>	-	<i>Non-Public Arbitrator</i>

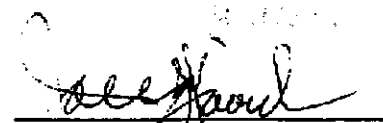
**Concurring Arbitrators' Signatures**

  
Jerry Ellner, Esq.  
Chair, Public Arbitrator

10/29/01  
Signature Date

  
Michael M. Hachigian, Esq.  
Public Arbitrator

10/29/01  
Signature Date

  
Joel D. Davidman  
Non-Public Arbitrator

10/29/01  
Signature Date

10/29/01  
Date of Service