

**Award
NASD Dispute Resolution**

COPY

In the Matter of the Arbitration Between:

Ann Gifford, Claimant v. Raymond James Financial Services, Inc., Paul Hanson, Jr. and Ellen E. Shell, Respondents

Case Number: 01-02923

Hearing Site: San Francisco, California

Nature of the Dispute: Customer vs. Member and Associated Persons

REPRESENTATION OF PARTIES

For Claimant:

Timothy Canning, Esq.
Richard Sacks
Novato, California

For Respondent Paul Hanson, Jr.:

Paul Hanson, Jr.
St. Helena, California

For Respondent Ellen E. Shell:

Peter B. Sandmann, Esq.
Tesler, Sandmann & Fishman
San Francisco, California

CASE INFORMATION

Statement of Claim filed: May 30, 2001

Claimant's Uniform Submission Agreement signed: April 7, 2001

CASE SUMMARY

Claimant alleged the following claims with respect to investments in Viatical Notes: 1) Misrepresentation; 2) Unsuitability; 3) Failure to Supervise; 4) Selling Away; 5) Breach of Contract; 6) Negligence; 7) Fraud; and 8) Breach of Fiduciary Duty.

RELIEF REQUESTED

Claimant requested:

1. Damages in the amount of \$99,750.00;
2. Interest;
3. Costs;

4. Punitive and exemplary damages; and
5. Disciplinary referrals to the NASD Business Conduct Committee as deemed appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Paul Hanson, Jr. did not file with NASD Dispute Resolution ("NASD-DR") a Statement of Answer or properly executed submission to arbitration. The Panel determined that Respondent Hanson has been properly served with Claimant's Statement of Claim and further determined that Respondent Hanson is required to submit to arbitration pursuant to the NASD-DR Code of Arbitration Procedure ("the Code") and is bound by the determination of the Panel on all issues submitted.

Respondent Paul Hanson, Jr., pursuant to his notification to NASD-DR on or about August 24, 2004, was representing himself in pro per. By telephone messages from Claimant's counsel and NASD-DR on August 31, 2004 prior to the commencement of the hearing, Mr. Hanson was advised that he or his representative was expected to participate in the hearing in person or by telephone. The hearing was delayed approximately one hour awaiting a response from Mr. Hanson or his representative. Approximately 15 minutes after the hearing commenced but prior to the introduction of any evidence, Mr. Hanson telephoned the Chair at the meeting. He advised the Chair that although he was aware of the possible consequences of his failure to appear in person or by telephone, he voluntarily chose not to participate in the arbitration.

Prior to the hearing, Claimant advised that she had settled her claim against Respondent Raymond James Financial Services, Inc. ("Raymond James") and further advised that she dismissed Respondent Ellen E. Shell from this matter. During the hearing, Claimant requested that the Panel recommend that the above-referenced matter be expunged from the NASD Central Registration Depository records of Ellen E. Shell.

The parties present at hearing 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. The Panel found that Respondent Paul Hanson, Jr. committed fraud and misrepresentation with respect to his participation in connection with Claimant's collective purchases of so-called "Viatical Notes" in the amount of \$99,750.00. Accordingly, Respondent Paul Hanson, Jr. is liable to and shall pay Claimant the sum of \$90,950.00 inclusive of interest to date of this Award.

2. Respondent Paul Hanson, Jr. is liable to and shall pay Claimant the sum of \$20,000.00 in punitive damages.
3. Respondent Paul Hanson, Jr. is liable to and shall pay Claimant the sum of \$225.00 as reimbursement for Claimant's filing fee.
4. After date of this Award, interest shall accrue on the aforementioned Award amounts until paid at the then prevailing California statutory interest rate.
5. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Ellen E. Shell's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Respondent Ellen E. Shell must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
6. Except as mentioned in paragraph 3 above, each party shall bear all other respective costs and attorney's fees.
7. All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD-DR received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$225.00
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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, Raymond James is a party and the following fees are assessed:

Member Surcharge	= \$1,000.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$1,500.00</u>
Total Member Fees	= \$3,100.00

Adjournment Fees

The following adjournment fees are assessed:

On or about June 28, 2002, the Panel granted Respondent Paul Hanson Jr.'s request of June 11, 2002, to postpone the July 25-26, 2002 hearing dates and waived the \$750.00 postponement fee.

On or about December 16, 2002, the Panel granted Respondent Paul Hanson Jr.'s request to postpone the January 9-10, 2003 hearing dates and waived the \$1,500.00 postponement fee.

On or about July 2, 2003, the Panel granted Respondent Raymond James' request to postpone the July 7-8, 2003 hearing dates and waived the \$750.00 postponement fee.

On or about November 4, 2003, the Panel granted Claimant's request to postpone the November 12-14, 2003 hearing dates and assessed Claimant the \$750.00 postponement fee.

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 Chair/Panel. The following fees are assessed:

(1) Pre-hearing conference session with a single arbitrator @ \$450.00/session = \$450.00
Pre-hearing conference: June 25, 2002 1 session

(8) Pre-hearing conference sessions with the Panel @ \$750.00/session = \$6,000.00
Pre-hearing conferences: February 13, 2002 1 session
July 25, 2002 1 session
August 26, 2002 1 session
December 16, 2002 1 session
January 29, 2003 1 session
March 24, 2003 1 session
August 7, 2003 1 session
February 18, 2004 1 session

(2) Hearing sessions @ \$750.00/session = \$1,500.00
Hearing: August 31, 2004 2 sessions

Total Forum Fees = \$7,950.00

The Panel assessed the \$7,950.00 in forum fees to Respondent Paul Hanson, Jr.

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 225.00
Adjournment Fee	= \$ 750.00
<u>Less Payments</u>	<u>= \$ (975.00)</u>
Balance Due NASD-DR	= \$ (0.00)

2. Respondent Raymond James is charged with the following fees and costs:

Member Fees	= \$ 3,100.00
<u>Less Payments</u>	<u>= \$(3,100.00)</u>
Balance Due NASD-DR	= \$ 0.00

3. Respondent Paul Hanson, Jr. is charged with the following fees and costs:

Forum Fees	= \$ 7,950.00
<u>Less Payments</u>	<u>= \$ (0.00)</u>
Balance Due NASD-DR	= \$ 7,950.00

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

ARBITRATION PANEL

Allan Blau, Esq.	-	Public Arbitrator, Presiding Chair
Sterling N. Frost	-	Public Arbitrator
Gene S. Evenskaas	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Allan Blau, Esq.
Chair, Public Arbitrator

Signature Date

Sterling N. Frost
Public Arbitrator

Signature Date

Gene S. Evenskaas
Non-Public Arbitrator

Signature Date

9/17/04
Date of Service

2. Respondent Raymond James is charged with the following fees and costs:

Member Fees	= \$ 3,100.00
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Balance Due NASD-DR	= \$ 0.00

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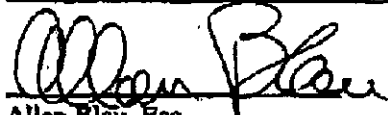
Forum Fees	= \$ 7,950.00
<u>Less Payments</u>	<u>= \$(0.00)</u>
Balance Due NASD-DR	= \$ 7,950.00

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Allan Blau, Esq.
Chair, Public Arbitrator

Signature Date

Sterling N. Frost
Public Arbitrator

Signature Date



Gene S. Evenskaas
Non-Public Arbitrator

9/15/04

Signature Date

9/17/04

Date of Service