

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Preston Paul White,

Case Number:

02-05601

Claimant,

vs.

NY Life Securities, Inc.,

Hearing Site:

Houston, Texas

Respondent
and Cross-Claimant,

vs.

John Stephen Blount,

Respondent
and Cross-Respondent.

REPRESENTATION OF PARTIES

Claimant Preston Paul White, hereinafter referred to as "Claimant," was represented by Thomas Allen Filo, Esq. of Cox, Cox, Filo & Camel located in Lake Charles, Louisiana.

Respondent and Cross-Claimant NY Life Securities, Inc., hereinafter referred to as "NY Life," was represented by Maura Z. Pelleteri, Esq. and S. Suzanne Mahoney, Esq. of Krebs, Farley & Pelletteri located in New Orleans, Louisiana, and Robert M. Rosh, Esq. of NY Life Securities, Inc. located in New York, New York.

Respondent and Cross-Respondent John Stephen Blount, hereinafter referred to as "Blount," was represented by Judy L. Burnthorn, Esq. of Deutsch, Kerrigan & Stiles, L.L.P. located in New Orleans, Louisiana.

CASE INFORMATION

The Statement of Claim was filed by the Claimant on or about September 23, 2002.

The Amended Statement of Claim was filed by the Claimant on or about March 24, 2003.

The Claimant signed the Uniform Submission Agreement on September 18, 2002.

Respondent NY Life filed the Statement of Answer and Cross-Claim on or about November 15, 2002.

Respondent NY Life signed the Uniform Submission Agreement on October 14, 2002.

Respondent Blount filed the Statement of Answer on or about November 18, 2002.

Respondent Blount filed the Response to Cross-Claim on or about February 25, 2003.

Respondent Blount signed an undated Uniform Submission Agreement.

Respondent NY Life filed a Motion to Dismiss on or about June 17, 2003. Claimant's Response was filed on or about June 23, 2003. Claimant's Supplemental Response was filed on or about July 3, 2003. Respondent NY Life's Reply was filed on or about July 3, 2003.

Respondent NY Life filed a Motion to Dismiss RICO Claims on or about March 18, 2003. Claimant's Response was filed on or about June 30, 2003.

CASE SUMMARY

Claimant brought this action as a result of losses sustained when he purchased a NY Life LifeStages variable annuity through its agent, Respondent Blount, around January of 2000. Claimant asserted causes of action against Respondent Blount for intentional misrepresentation, falsifying Claimant's annuity applications, and placing Claimant in unsuitable investments. Claimant also asserted causes of action against NY Life under the doctrine of respondeat superior, failure to supervise agent Respondent Blount, and failing to conduct a reasonable suitability review for the variable annuity sold. In addition, Claimant asserted a claim for rescission of contract for the annuity based on error or fraud in the inducement, and sought return of premium less withdrawals, as well as attorney's fees, costs and expenses. Finally, Claimant sought a punitive damage award against each of the Respondents under applicable law.

NY Life in its Answer to the Statement of Claim asserted that this was not a case of unsuitability. NY Life asserted that Claimant was estopped by his signature on the application forms for the variable annuity. NY Life filed two dispositive motions; the first motion sought the dismissal of the RICO claim on the ground that the Claimant had failed to prove essential elements of a RICO claim, the second dispositive motion sought the dismissal of the entire Statement of Claim. NY Life asserted that it had no liability to Claimant and plead affirmative defenses of no claim for relief, statute of limitations, ratification, loss precluded under term of contract, failure to mitigate damages, estoppel, waiver, laches, negligence, negligence of others, acts or omissions of others, and unclean hands. NY Life filed a Cross-Claim against Respondent Blount, asserting that if NY Life was found liable to Claimant due to Blount's actions, NY Life was entitled to both tort and contract indemnity from Blount.

Respondent Blount also denied all liability in his Response to the Statement of Claim and Cross-Claim. Respondent Blount asserted that Claimant knew exactly what he was purchasing with respect to the transactions at issue. Respondent Blount contended that Claimant was aware of the risks of the investments, and that the details of the annuity were explained to Claimant. With

respect to the Cross-Claim, Respondent Blount alleged that he following practices that were directed, authorized and approved by NY Life.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested:

Compensatory Damages:	\$597,541.63
Punitive Damages:	\$597,541.63
Interest:	Legal Rate
Costs:	Unspecified
Other Monetary/Non-Monetary Relief if any:	Unspecified

In the Cross-Claim Respondent NY Life requested that if NY Life was found liable to Claimant due to Blount's actions, NY Life was entitled to both tort and contract indemnity from Blount. Claimant requested total damages of \$1,195,083.26.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent NY Life's Motion to Dismiss the Statement of Claim and Motion to Dismiss RICO Claims are hereby denied with prejudice.

The parties agree that the award in this matter may be executed in counterpart copies or that a handwritten, signed award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution, Inc.

AWARD

After considering the pleadings and 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. Respondent NY Life Securities Inc. is liable for and shall pay to Claimant Preston Paul White the sum of Twenty-Five Thousand Dollars and No Cents (\$25,000.00), plus interest on this amount at the rate of five percent per annum, commencing October 1, 2003, until award is paid in full;
2. Respondent John Stephen Blount is liable for and shall pay to Claimant Preston Paul White the sum of Fifty Thousand Dollars and No Cents (\$50,000.00), plus interest on this amount at the rate of five percent per annum, commencing October 1, 2003, until award is paid in full;
3. Respondents NY Life Securities Inc. and John Steven Blount are jointly and severally liable for and shall reimburse Claimant Preston Paul White for the NASD filing fee in the

amount of Five Hundred Dollars and No Cents (\$500.00);

4. The Cross-Claim of NY Life Securities Inc. is hereby dismissed with prejudice;
5. The parties shall each bear their own attorney fees and costs; and
6. Any and all relief not specifically addressed herein, including punitive and RICO damages, is denied and dismissed with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 500.00
Cross-claim filing fee	= \$ 2,000.00

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. NY Life is a member firm.

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 session with Panel @ \$1,200	= \$ 2,400.00
Pre-hearing conferences: March 18, 2003 for one (1) session July 9, 2003 for one (1) session	
Two (2) Pre-hearing session with Panel Chair @ \$450	= \$ 900.00
Pre-hearing conferences: May14, 2003 for one (1) session June 4, 2003 for one (1) session	
Ten (10) hearing sessions with Panel @ \$1,200	= \$ 12,000.00

Hearing sessions: August 18, 2003 for two (2) sessions
 August 19, 2003 for two (2) sessions
 August 20, 2003 for three (3) sessions
 August 21, 2003 for three (3) sessions

Total Forum Fees	= \$ 15,300.00
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1. The Panel has assessed all forum fees in the amount of \$15,300.00 to Respondents NY Life and Blount, jointly and severally.

Fee Summary

Claimant Preston Paul White is liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 00.00
Total Fees	= \$ 500.00
Less payments	= \$ 1,700.00
Refund Due	= \$ 1,200.00

Respondent NY Life Securities, Inc. is liable for:

Cross-Claim Filing Fee	= \$ 2,000.00
Costs (Tape Recording Copy Service)	= \$ 15.00
Member Fees	= \$ 8,550.00
Total Fees	= \$ 10,565.00
Less payments	= \$ 10,050.00
Balance Due	= \$ 515.00

Respondents NY Life Securities, Inc. and John Stephen Blount are jointly and severally liable for:

Forum Fees	= \$ 15,300.00
Total Fees	= \$ 15,300.00
Less payments	= \$ 00.00
Balance Due	= \$ 15,300.00

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

ARBITRATION PANEL

Leonard J. Sullivan, Esq. - Public Arbitrator, Presiding Chairperson
Robert Dan Sherrill - Public Arbitrator
James M. Alexander - Non-Public Arbitrator

Concurring Arbitrators' Signature(s)

/s/ Leonard J. Sullivan, Esq.

Leonard J. Sullivan, Esq.
Public Arbitrator, Presiding Chairperson

August 29, 2003

Signature Date

/s/ Robert Dan Sherrill

Robert Dan Sherrill
Public Arbitrator

September 2, 2003

Signature Date

/s/ James M. Alexander

James M. Alexander
Non-Public Arbitrator

August 27, 2003

Signature Date

September 2, 2003

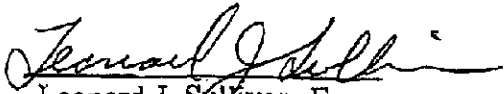
Date of Service (For NASD Dispute Resolution use only)

NASD Dispute Resolution

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Concurring Arbitrators' Signature(s)



Leonard J. Sullivan, Esq.
Public Arbitrator, Presiding Chairperson

8/29/03
Signature Date

Robert Dan Sherrill
Public Arbitrator

Signature Date

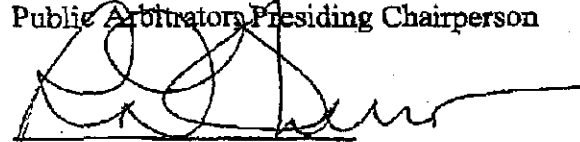
James M. Alexander
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution use only)

Concurring Arbitrators' Signature(s)

Leonard J. Sullivan, Esq.
Public Arbitrator, Presiding Chairperson



Robert Dan Sherrill
Public Arbitrator

Signature Date

9/2/2003

Signature Date

James M. Alexander
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution use only)

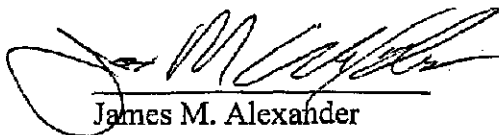
Concurring Arbitrators' Signature(s)

Leonard J. Sullivan, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Robert Dan Sherrill
Public Arbitrator

Signature Date



James M. Alexander
Non-Public Arbitrator

8-27-03
Signature Date

Date of Service (For NASD Dispute Resolution use only)