
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Stephen R. James

Case Number: 02-06274

Names of the Respondents
InterSecurities, Inc.
Western Reserve Life Insurance Co.
James P. Gouldman

Hearing Site: New Orleans, LA

Nature of the Dispute: Associated Person vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For Stephen R. James, hereinafter referred to as "Claimant": Paul J. Masinter, Esq., Mark E. Jaffe, Esq., and Scott T. Whittaker, Esq., Stone, Pigman, Walther, Wittmann & Hutchinson, L.L.P., New Orleans, LA.

For InterSecurities, Inc. ("ISI"), Western Reserve Life Insurance Co. ("WRLI"), and James P. Gouldman ("Gouldman"), hereinafter collectively referred to as "Respondents": Burton W. Wiand, Esq. and Elaine M. Rice, Esq., Fowler White Boggs Banker P.A., Tampa, FL.

CASE INFORMATION

Statement of Claim filed on or about: October 21, 2002.

Claimant signed the Uniform Submission Agreement: October 10, 2002.

Claimant's Response to Respondents ISI and WRLI's Counterclaim filed on or about: January 30, 2004.

Statement of Answer filed by Respondents ISI and WRLI on or about: January 24, 2003.

Statement of Answer filed by Respondent Gouldman on or about: January 24, 2003.

Respondents ISI, WRLI, and Gouldman did not file executed Uniform Submission Agreements.

Respondents ISI and WRLI's Motion for Leave to File Counterclaim ("Respondents' Motion to File Counterclaim") filed on or about: October 27, 2003.

Claimant's Opposition to Respondents' Motion to File Counterclaim filed on or about: October 31, 2003.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract; promissory estoppel; detrimental reliance; unfair trade practices; and, unjust enrichment. The causes of action relate to Claimant's resignation from his employment with Respondents ISI and WRLI.

Unless specifically admitted in his Answer, Respondent Gouldman denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in their Answer, Respondents ISI and WRLI denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

In their Counterclaim, Respondents ISI and WRLI asserted the following causes of action: breach of contract; recruitment of Respondents' agents; and, acceptance of compensation to which Claimant is not entitled.

Unless specifically admitted in his Answer, Claimant denied the allegations made in the Counterclaim and asserted the affirmative defenses of estoppel and set off.

RELIEF REQUESTED

Claimant requested compensatory damages of \$4,000,000.00, punitive damages, attorneys' fees, costs, expenses, and dismissal of the Counterclaim.

In their Counterclaim, Respondents ISI and WRLI requested compensatory damages of approximately \$185,000.00, dismissal of the Statement of Claim, costs, attorneys' fees, and expenses.

Respondent Gouldman requested dismissal of the Statement of Claim.

OTHER ISSUES CONSIDERED AND DECIDED

On or about December 2, 2003, the undersigned arbitrators (the "Panel") issued an order which granted Respondents' Motion to File Counterclaim.

Respondents ISI and Gouldman did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and, having answered the claim, are bound by the determination of the Panel on all issues submitted.

Respondent WRLI is not a member firm of the NASD but voluntarily submitted to the jurisdiction of NASD. As such, Respondent WRLI is 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, 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:

Respondents ISI, WRLI, and Gouldman are liable, jointly and severally, and shall pay to Claimant compensatory damages in the sum of \$60,778.00.

Respondents ISI, WRLI, and Gouldman are liable, jointly and severally, and shall pay to

Claimant the sum of \$600.00 representing reimbursement of the claim filing fee previously paid by Claimant to NASD Dispute Resolution.

Respondents ISI and WRLI's Counterclaim is dismissed, with prejudice.

Any and all claims for relief not specifically addressed herein, including Claimant's request for punitive damages and the parties' requests for attorneys' fees, are denied.

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	= \$ 600.00
Counterclaim filing fee	= \$1,000.00

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. Accordingly, Respondent ISI is a member firm and a party.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$5,000.00</u>
Total Member Fees	= \$8,550.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No requests for adjournments were granted during these proceedings for which fees were assessed.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

No injunctive relief fees were assessed during these proceedings.

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 sessions with a single arbitrator @ \$450.00	= \$ 900.00
Pre-hearing conferences: October 24, 2003	1 session
November 21, 2003	1 session

One (1) Pre-hearing session with the Panel @ \$1,200.00 = \$ 1,200.00
Pre-hearing conference: June 4, 2003 1 session

Twenty-two (22) Hearing sessions @ \$1,200.00 = \$26,400.00
Hearing Dates: February 16, 2004 2 sessions
February 17, 2004 2 sessions
February 18, 2004 2 sessions
February 19, 2004 2 sessions
March 15, 2004 2 sessions
March 16, 2004 2 sessions
March 17, 2004 2 sessions
March 18, 2004 2 sessions
May 24, 2004 2 sessions
May 25, 2004 2 sessions
May 26, 2004 2 sessions

Total Forum Fees = \$28,500.00

The Panel has assessed the total forum fees of \$28,500.00 jointly and severally to Respondents ISI, WRLI, and Gouldman.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred during this proceeding.

Fee Summary

Claimant is solely liable for:

<u>Initial Filing Fee</u>	= \$ 600.00
Total Fees	= \$ 600.00
<u>Less payments</u>	= \$ 600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent ISI is solely liable for:

<u>Member Fees</u>	= \$ 8,550.00
Total Fees	= \$ 8,550.00
<u>Less payments</u>	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents ISI and WRLI are jointly and severally liable for:

<u>Counterclaim Filing Fee</u>	= \$ 1,000.00
Total Fees	= \$ 1,000.00
<u>Less payments</u>	= \$ 1,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents ISI, WRLI, and Gouldman are jointly and severally liable for:

Forum Fees	= \$28,500.00
Total Fees	= \$28,500.00
<u>Less payments</u>	<u>= \$ 6,400.00</u>
Balance Due NASD Dispute Resolution	= \$22,100.00

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

ARBITRATION PANEL

Arthur W. Pigott	-	Non-Public Arbitrator, Presiding Chairperson
Earl S. Eichin, Jr., Esq.	-	Non-Public Arbitrator
John J. Meyer, CLU	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Arthur W. Pigott
Non-Public Arbitrator, Presiding Chairperson

Signature Date

/s/
Earl S. Eichin, Jr., Esq.
Non-Public Arbitrator

Signature Date

/s/
John J. Meyer, CLU
Non-Public Arbitrator

Signature Date

June 4, 2004
Date of Service (For NASD Dispute Resolution office use only)

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Non-Public Arbitrator, Presiding Chairperson

6/2/04
Signature Date

Earl S. Eichin, Jr., Esq.
Non-Public Arbitrator

Signature Date

John J. Meyer, CLU
Non-Public Arbitrator

Signature Date

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NASD Dispute Resolution
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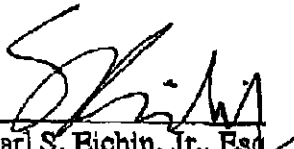
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Non-Public Arbitrator

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John J. Meyer, CLU
Non-Public Arbitrator

6/3/2004

Signature Date

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