

## **Stipulated Award**

### **NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Anita E. Stovall and the Estate of Fred S. Stovall vs. H&R Block Financial Advisors, Inc. and Timothy Romero

Case Number: 02-07433

Hearing Site: Dallas, Texas

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### **REPRESENTATION OF PARTIES**

Claimants, Anita E. Stovall and the Estate of Fred S. Stovall, hereinafter referred to as "Claimants." Herbert E. Pounds, Jr., San Antonio, Texas.

Respondents, H&R Block Financial Advisors, Inc. and Timothy Romero, hereinafter {collectively} referred to as "Respondents." David T. Doyle, Esq. and Kathleen A. Dedenbach, Esq., in-house counsel for H&R Block Financial Advisors, Inc., Detroit, Michigan.

### **CASE INFORMATION**

Statement of Claim filed on or about: December 9, 2002

Claimant, (*Anita E. Stovall, individually and as personal representative of the Estate of Fred S. Stovall*), signed the Uniform Submission Agreement: November 28, 2002

Statement of Answer filed by Respondents, (*H&R Block Financial Advisors, Inc. and Timothy Romero*), on or about: February 5, 2003

Respondent, (*H&R Block Financial Advisors, Inc.*), signed the Uniform Submission Agreement: January 29, 2003

Respondent, (*Timothy Romero*), signed the Uniform Submission Agreement: February 19, 2003

### **CASE SUMMARY**

Claimants asserted the following causes of action: Breach of Contract and Warranties, Promissory Estoppel, Consumer Protection & Deceptive Trade Practices, Federal Securities Laws Violations, State Securities Statutes Violations, Texas Business and Commerce Code Violation, Negligent Misrepresentation, Unsuitable Recommendations, Negligence, Breach of Fiduciary Duty, and Failure to Supervise.

Unless specifically admitted in its Answer, Respondents (*H&R Block Financial Advisors, Inc. and Timothy Romero*) denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants attempted to recoup losses suffered as a result of their own investment decisions.

### **RELIEF REQUESTED**

Claimant requested: compensatory damages of approximately \$335,000, plus interest and attorney's fees, plus punitive damages.

Respondents (*H&R Block Financial Advisors, Inc. and Timothy Romero*) requested: Claims be dismissed in its entirety with prejudice, Claimants be required to reimburse Respondents for defense costs and that all reference to this matter be expunged from the CRD record of Mr. Romero.

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

The parties have agreed 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.

A Stipulation to Dismiss and Expunge the Registered Representative's Record was filed with the NASD.

In stipulating to the expungement of Timothy Romero's record, respective counsel determined that Respondent Timothy Romero did not recommend the individual stocks purchased by the Claimants. The Claimants' individual stock purchases were self-directed. Romero did recommend two Unit Investment Trusts. Therefore, because of the determination that the stock purchases were not recommended by Romero, Claimants moved to include a claim of "financial suicide." Respondents opposed the amendment.

### **AWARD**

After considering the parties' stipulation of settlement, submissions and representations, the undersigned arbitrators order as follows:

- 1.) Claimants' withdrawal of their claims is accepted and Respondents are dismissed from this matter with prejudice.
- 2.) The panel recommends the expungement of all reference to the above captioned arbitration from Respondent Romero's registration record maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Romero must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 3.) That any relief not specifically enumerated, including punitive damages is hereby denied with prejudice.

## **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	= \$ 300.00
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### **Adjournment Fees**

Adjournments requested during these proceedings: None.

### **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	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00

### **Forum Fees and Assessments**

The Panel assesses 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:

One (1) Pre-hearing session with Panel x \$1,125.00	= \$ 1,125.00
Pre-hearing conference: July 15, 2003      1 session	
<u>Total Forum Fees</u>	<u>= \$ 1,125.00</u>

The Panel has assessed the forum fees as follows:

Claimant shall pay \$562.50. Respondent H&R Block Financial Advisors, Inc. and Timothy Romero shall each pay the \$281.25.

Pursuant to NASD Dispute Resolution, Inc. Code of Arbitration Procedure Rule 10332(f):

Claimant's Hearing Session Deposit of \$1,125.00 is retained by NASD Dispute Resolution.

### Fee Summary

Claimants Anita E. Stovall and the Estate of Fred S. Stovall are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees (Rule 10332(f))	= \$ 1,125.00
Total Fees	= \$ 1,125.00
Less payments	= \$ 1,125.00
Balance Due NASD Dispute Resolution .	= \$ 0.00

Respondent H&R Block Financial Advisors, Inc. is solely liable for:

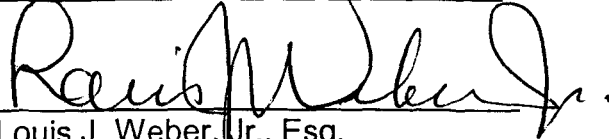
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 281.25
Total Fees	= \$ 5,481.25
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 281.25

Respondent Timothy Romero is solely liable for:

Forum Fees	= \$ 281.25
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 281.25

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

### Concurring Arbitrator's Signature



Louis J. Weber, Jr., Esq.  
Public Arbitrator

3/29/04  
Signature Date

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Richard Roach  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Scott O. Fertig  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

4/6/04 Man Date of Service (For NASD office use only)

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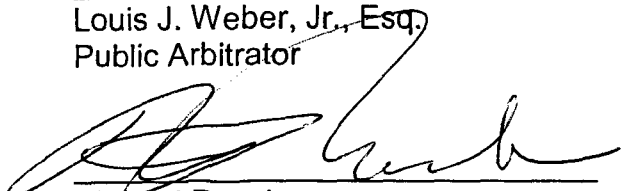
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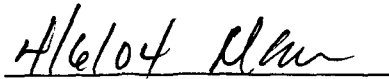
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