

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Brian Douglas Pauley

and

02-7815
Chicago, Illinois

Name of Respondents

Wachovia Securities Inc.
and American Funds Distributors, Inc.

Nature of the Dispute: Associated Person vs. Member.

REPRESENTATION OF PARTIES

Brian Douglas Pauley ("**Claimant**"), located in Winnebago, Illinois was pro se.

American Funds Distributors, Inc. ("**American**"), located in Los Angeles, California was represented by Kenneth R. Gorvetzian, Esq. of American Funds Distributors.

Wachovia Securities ("**Wachovia**"), located in Richmond, Virginia was represented by Todd Ratner, Esq., of Wachovia Securities Inc.

CASE INFORMATION

The Statement of Claim was filed on or about December 27, 2002. Claimant signed the Submission Agreement on December 20, 2002.

Respondent American filed a Statement of Answer on or about February 6, 2003. Respondent American signed a Submission Agreement on February 6, 2003.

Respondent Wachovia Securities filed a Statement of Answer on or about March 10, 2003. Respondent Wachovia signed a Submission Agreement March 6, 2003.

CASE SUMMARY

Claimant was an employee/agent of Wachovia. Claimant alleged that while he was out of the office he called in an order for \$15,000 of Class B shares of Income Fund of America on behalf of a client. When he returned to the office, Claimant found that the order he entered was inadvertently recorded as \$150,000.00. Claimant alleges that he immediately made a trade correction. Claimant further alleges that Wachovia Securities took money from his account, in bad faith, to make up for this order correction. In addition, he claims that Wachovia made false statements about his management of the account in issue. Claimant alleged that respondent American willfully failed to disclose what actions were taken as a result of the order error and correction.

Respondent Wachovia denied the allegations set forth in the Statement of Claim. Respondent specifically stated that Claimant failed to state a claim upon which relief can be granted and that Wachovia's trading policies regarding trading errors clearly state that he was responsible for the full amount of the loss.

Respondent American denied the allegations set forth in the Statement of Claim. Respondent specially stated that it did not conceal information from Claimant; rather it provided information to Claimant regarding the transaction in question. American alleged that Claimant admitted that the losses occurred as a result of his own conduct; and, insofar as the Claimant does not raise a liability claim against American in his Statement of Claim, it should be dismissed from the proceeding.

RELIEF REQUESTED

Claimant requested an award in the amount of \$5,033.26

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

Respondent Wachovia requested that Claimant return payment of \$1,504.40, and that Claimant pay for all costs associated with the hearing of this matter including but not limited to the costs of transportation to and from the hearing.

OTHER ISSUES CONSIDERED & DECIDED

On or about October 17, 2003 Claimant dismissed Respondent American.

The parties have agreed to receive copies of the award while the original remains on file with the NASD Dispute Resolution (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Wachovia Securities Inc. shall pay to Claimant Brian Douglas Pauley the sum of \$750.52;
2. Respondent Wachovia Securities Inc. shall pay to Claimant Brian Douglas Pauley simple interest at a rate of 4.47% on the sum of 1,501.04, which shall begin to accrue on August 16, 2002 and shall cease to accrue on October 15, 2002. The total amount of this interest is \$11.72;
3. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice; and,
4. Other than the Forum Fees noted below, the parties should each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

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 | \$ | 75.00 |
|--------------------------|----|-------|

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the event-giving rise to the dispute. In this matter, the member firms are Respondents Wachovia securities and American Funds Distributors Inc. Each firm is liable for the following:

| | | |
|-------------------|----|--------|
| Member surcharge | \$ | 325.00 |
| Total Member Fees | \$ | 325.00 |

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator including a pre-hearing conference with the arbitrator, that lasts four (4) hours or less. Fees associated with these proceedings are:

| | |
|--|------------|
| One [1] Hearing session x \$250.00 | = \$250.00 |
| Hearing Date: November 13, 2003 1 session | |
| Total Forum Fees | = \$250.00 |

The Arbitration Panel has assessed \$250.00 of the forum fees to Respondent Wachovia Securities Inc.

Fee Summary

Claimant, Brian Douglas Pauley, shall be and hereby is liable for:

| | | |
|---|------|---------------|
| Initial Filing Fee | = \$ | 75.00 |
| Total Fees | = \$ | 75.00 |
| <u>Less payments</u> | = \$ | <u>325.00</u> |
| Balance refunded by NASD Dispute Resolution | = \$ | 250.00 |

Respondent, Wachovia, shall be and hereby is liable for:

| | | |
|-------------------------------------|------|---------------|
| Member Fees | = \$ | 325.00 |
| <u>Forum Fees</u> | = \$ | <u>250.00</u> |
| Total Fees | = \$ | 575.00 |
| <u>Less payments</u> | = \$ | <u>500.00</u> |
| Balance Due NASD Dispute Resolution | = \$ | 75.00 |

Respondent, American, shall be and hereby is liable for:

| | | |
|----------------------|------|---------------|
| Member Fees | = \$ | 325.00 |
| <u>Less payments</u> | = \$ | <u>325.00</u> |

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Balance Due NASD Dispute Resolution = \$.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Miriam Beth Marcus - Public Arbitrator, Presiding Chair

Arbitrator:

Miriam Beth Marcus
Public Arbitrator, Presiding Chair

Signature Date

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Arbitration No. 02-0718
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All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Miriam Beth Marcus - Public Arbitrator, Presiding Chair

Arbitrator:



Miriam Beth Marcus
Public Arbitrator, Presiding Chair

December 22, 2003
Signature Date