

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimants

William Sexton and Diane Sexton
William Sexton (individually)
and

03-00051
Omaha, Nebraska

Name of Respondents

Wachovia Securities, Inc.
Jeffrey A. Carpenter

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

REPRESENTATION OF PARTIES

William Sexton and Diane Sexton ("**Claimants**") were represented by Frederick B. Anderson, Esq., Wiggins & Anderson, West Des Moines, Iowa.

Wachovia Securities, Inc. and Jeffrey A. Carpenter ("**Respondents**") were represented by Diane C. Fischer, Esq., Kane & Fischer, Ltd., Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about January 2, 2003. The Submission Agreement of Claimants William Sexton and Diane Sexton was signed on or about January 2, 2003. Claimant's Resistance to Respondents' Motion to Liquidate Sexton Account was filed on or about April 2, 2003.

The Statement of Answer was filed by Respondent Wachovia Securities, Inc. and Jeffrey A. Carpenter on or about March 7, 2003. The Submission Agreement of Respondent Wachovia Securities, Inc. was signed on or about February 25, 2003. The Submission Agreement of Respondent Jeffrey A. Carpenter was signed on or about February 26, 2003. The Motion to Liquidate Sexton Account was filed on or about March 7, 2003. The Counterclaim was filed on or about March 7, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract; promissory estoppel;

constructive discharge in Violation of Public Policy; conversion; and interference with contract. The claims at issue arise out of the claimant's employment as a broker for Respondent Wachovia Securities, Inc. and the Claimants' joint brokerage accounts at Respondent Wachovia Securities, Inc.

Claimants specifically stated the following:

Within days of his termination and without authority, Wachovia took control of the personal brokerage account held jointly by William and Diane Sexton. Despite demands from the Sextons to release those funds, Wachovia refused. Wachovia was aware that the Sextons needed these funds for their personal use as well as for Bill's business use with his new Broker-Dealer and seized the accounts in an effort to force Sexton to yield to Wachovia's demands. Wachovia during this time declined for over one week to provide any colorable authority for freezing the joint account. Wachovia's actions in this regard were designed solely to manipulate and retaliate against Mr. Sexton.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated:

On or about November 26, 2002, Sexton voluntarily resigned from Wachovia, and began employment with Raymond James Financial Services, Inc. on November 27, 2002, the very next day. Since his departure from Wachovia, despite demand to honor his unconditional contractual obligations to Wachovia, Sexton refuses to repay any of his outstanding loans. Pursuant to the terms of the loans, interest has accrued at the rate of \$67.37 per day, and the amount presently owed to Wachovia is more than \$420,000.00.

Respondent Wachovia's Counterclaim alleged that Claimant William Sexton failed to honor his obligations that relate to three Promissory Notes signed by him.

RELIEF REQUESTED

Claimant William Sexton requested an award in the amount of \$2,500,000.00 in compensatory damages, plus punitive damages in the amount of \$2,500,000.00, costs and any other relief the Panel deems just.

Claimants William and Diane Sexton requested an award in the amount of \$500,000.00 in compensatory damages, plus punitive damages in the amount of \$1,500,000.00 and any other relief the Panel deems just.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded \$416,315.90 that include all 3 promissory notes, interest in the amount of \$1,751.62, plus additional interest, their costs, attorneys' fees and any other relief as the Panel deem just and equitable.

OTHER ISSUES CONSIDERED & 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 Dispute Resolution (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims asserted in this matter shall be and hereby denied.
2. Claimant William Sexton is liable for and shall pay to Respondent Wachovia Securities, Inc., the sum of \$350,000.00.
3. Claimant William Sexton is liable for and shall pay to Respondent Wachovia Securities, Inc. post-award interest beginning 30 (thirty) days after the service of this award and until it is paid in full at the rate of 6% per annum pursuant to Iowa Law.
4. The Panel has considered the Motion to Liquidate Sexton and has ruled as follows:

Claimant William Sexton ("Sexton") shall have 30 (thirty) days from the date of the service of this award to pay the judgment awarded to Respondent Wachovia Securities, Inc ("Wachovia"). If Mr. Sexton pays that amount, then Wachovia shall transfer Sextons' account to Mr. Sexton (or his designee). In the event Mr. Sexton does not pay Wachovia the judgment within 30 (thirty) days, Wachovia is then authorized to liquidate the account and apply the proceeds to the outstanding judgment

5. 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.
6. Other than the Forum Fees noted below, the parties shall 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	= \$600.00
Counter claim 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 that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firm is Wachovia Securities, Inc.

Member surcharge	\$	3,350.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	5,500.00
Total Member Fees	\$	9,600.00

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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

1	Pre-hearing session with a single arbitrator	x	450.00	\$	450.00
	December 15, 2003	1			
2	Pre-hearing sessions with Panel	x	1,200.00	\$	2,400.00
	July 10, 2003	1	session		
	September 15, 2003	1	session		
9	Hearing sessions	x	1,200.00	\$	10,800.00
	February 17, 2004	2	sessions		
	February 18, 2004	2	sessions		
	February 19, 2004	2	sessions		
	April 1, 2004	3	sessions		
	Total Forum Fees			\$	13,650.00

The Arbitration Panel has assessed \$1,200.00 of the forum fees to William Sexton and Diane Sexton.
The Arbitration Panel has assessed \$12,450.00 of the forum fees to Wachovia Securities, Inc.

Fee Summary

Claimants, William Sexton and Diane Sexton, shall be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$	600.00
<u>Forum Fees</u>	= \$	1,200.00
Total Fees	= \$	1,800.00
<u>Less payments</u>	= \$	-1,800.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondent, Wachovia Securities, Inc., shall be and hereby is liable for:

Counterclaim Filing Fee	= \$	1,000.00
Member Fees	= \$	9,600.00
<u>Forum Fees</u>	= \$	12,450.00
Total Fees	= \$	23,050.00
<u>Less payments</u>	= \$	-11,725.00
Balance Due NASD Dispute Resolution	= \$	11,325.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Richard N. Berkshire, Esq. - Public Arbitrator, Presiding Chair
W. Russell Bowie, Esq. - Public Arbitrator
Steven C. Despotovich, J.D. - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Richard N. Berkshire, Esq.
Richard N. Berkshire, Esq.
Public Arbitrator, Presiding Chair

04/21/04
Signature Date

/s/ W. Russell Bowie, Esq.
W. Russell Bowie, Esq.
Public Arbitrator

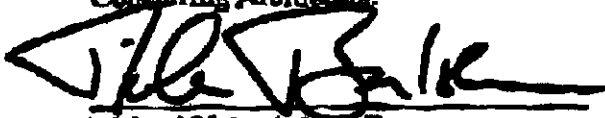
04/24/04
Signature Date

/s/ Steven C. Despotovich, J.D.
Steven C. Despotovich, J.D.
Non-Public Arbitrator

04/20/04
Signature Date

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Concurring Arbitrator:



Richard N. Berkshire, Esq.
Public Arbitrator, Presiding Chair

4/21/04

Signature Date

W. Russell Bowie, Esq.
Public Arbitrator

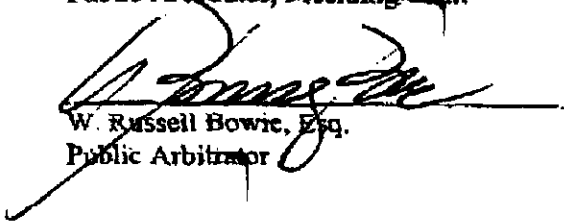
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Steven C. Despotovich, J.D.
Non-Public Arbitrator

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W. Russell Bowie, Esq.
Public Arbitrator

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Public Arbitrator

Signature Date



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Non-Public Arbitrator

4-20-04
Signature Date