
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Larry J. Tracy

Case Number: 03-00229

Names of the Respondents

Michael P. Tracy
Holly Chandler Tracy
Sarasota Asset Management, Inc.

Hearing Site: Tampa, Florida

REPRESENTATION OF PARTIES

Larry Tracy, hereinafter referred to as "Claimant", appeared pro se.

Michael P. Tracy ("MPT") and Holly Chandler Tracy ("HCT"), appeared pro se.

For Sarasota Asset Management, Inc. ("SAMI"), hereinafter referred to collectively with MPT and HCT as "Respondents": MPT.

CASE INFORMATION

Statement of Claim filed on or about: January 10, 2003.

Claimant signed the Uniform Submission Agreement: January 7, 2003.

Statement of Answer and Counterclaim filed by Respondents on or about: March 20, 2003.

Respondents signed the Uniform Submission Agreements: March 20, 2003.

Response to Statement of Answer filed on or about: March 21, 2003.

CASE SUMMARY

Claimant asserted the following causes of action: unauthorized transfer of \$13,000,000.00 in client assets; conversion of clients, files, and partnership assets; churning of partnership accounts; theft of client information in violation of NASD Rule 2310; failure to pay agreed upon commissions and management overrides; perjury in court; mail destruction; client annuity transfers made without Claimant's knowledge, causing clients' losses of guaranteed death benefits and surrender charges; and client account transfers from insurance companies to a different broker/dealer made without Claimant's knowledge.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various defenses. In addition, Respondents filed a Counterclaim that alleged that Claimant breached the NASD regulations he was bound to by filing two civil lawsuits that contained the same allegations as the Statement of Claim, causing Respondents to incur legal fees in connection with the defense thereof.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$288,608.00, interest in the amount of \$28,860.00, attorneys' fees in the amount of \$12,775.00, forum fees in the amount of \$1,425.00, copies of client accounts, and that all client accounts on the client list as of June 1, 1998, be returned to their original status of equal agents as per the parties' agreement.

Respondents requested compensatory damages in the amount of \$11,366.00, and that Claimant's claims be dismissed with prejudice.

OTHER ISSUES CONSIDERED AND DECIDED

Pursuant to the December 11, 2002 order issued by the Sarasota County, Florida Circuit Court of the Twelfth Judicial Circuit, participation in this arbitration by non-NASD member SAMI is mandatory.

The parties agreed that the Award in this matter may be executed in counterpart copies.

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:

Claimant's claims against Respondent HCT are dismissed with prejudice.

Respondents MPT and SAMI are jointly and severally liable and shall pay to Claimant the sum of \$132,500.00, plus pre-judgment interest at the rate of 9% per annum from June 1, 1998 until the date of service of the Award.

Respondents' counterclaim is dismissed with prejudice.

Any and all requests for relief not specifically addressed herein are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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	= \$ 300.00
Counterclaim filing fee	= \$ 125.00

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. In this matter, the member firm, Intersecurities, Inc., employed the associated persons at the time of the events giving rise to the dispute. Accordingly, the following fees are assessed:

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00
Total Member Fees	= \$5,200.00

Adjournment Fees

Adjournment fees were not assessed in this matter.

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.

Injunctive relief fees were not assessed in this matter.

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 the Panel @ \$1,125.00	= \$2,250.00
Pre-hearing conference:	
July 14, 2003	1 session
August 5, 2003	1 session
One (1) Hearing session @ \$1,125.00/session	= \$1,125.00
Hearing Date:	
August 20, 2003	1 session
Total Forum Fees	= \$3,375.00

The Panel has assessed forum fees of \$1,687.50 to Claimant.

The Panel has assessed forum fees of \$1,687.50 to Respondents MPT and SAMI, jointly and severally.

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.

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There were no administrative costs incurred in this matter.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$1,687.50
Total Fees	= \$1,987.50
Less payments	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$ 562.50

Respondents are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 125.00
Total Fees	= \$ 125.00
Less payments	= 0.00
Balance Due NASD Dispute Resolution	= \$ 125.00

MPT and SAMI are jointly and severally liable for:

Forum Fees	= \$1,687.50
Total Fees	= \$1,687.50
Less payments	= 0.00
Balance Due NASD Dispute Resolution	= \$1,687.50

Intersecurities, Inc. is solely liable for:

Member fees	= \$5,200.00
Total Fees	= \$5,200.00
Less Payments	= \$5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

Frank Brenner, Esq.	-	Public Arbitrator, Presiding Chairperson
Andrew G. Fellios	-	Non-Public Arbitrator
Karen Mary Ellen Morinelli, Esq.	-	Public Arbitrator

Concurring Arbitrators' Signatures

/S/

Frank Brenner, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

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/S/

Andrew G. Fellios
Non-Public Arbitrator

Signature Date

/S/

Karen Mary Ellen Morinelli, Esq.
Public Arbitrator

Signature Date

September 15, 2003

Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

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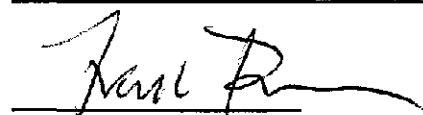
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Frank Brenner, Esq.
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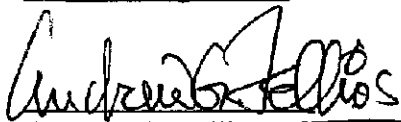
9-2-03

Signature Date

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Andrew G. Fellios

Non-Public Arbitrator

2 September 2003

Signature Date

Karen Mary Ellen Morinelli, Esq.

Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

Andrew G. Fellios
Non-Public Arbitrator



Karen Mary Ellen Morinelli, Esq.
Public Arbitrator

Signature Date

9/2/03

Signature Date

Date of Service (For NASD Dispute Resolution office use only)