

**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Name of the Claimant

Case Number: 03-00721

Douglas E. Anderson

Name of the Respondents

Hearing Site: Richmond, Virginia

Scott & Stringfellow, Inc., and  
Ralph H. Saunders, Jr.

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

**REPRESENTATION OF PARTIES**

Claimant, Douglas E. Anderson, hereinafter referred to as "Claimant", was represented by Mark J. Krudys, Esq., Mark J. Krudys, PLC, Richmond, Virginia.

Respondents, Scott & Stringfellow, Inc. ("S&S") and Ralph H. Saunders, Jr. ("Saunders"), hereinafter collectively referred to as "Respondents", were represented by Mark C. Shuford, Esq. and Thomas C. McGonigle, Esq., LeClair Ryan, PC, Richmond, Virginia.

**CASE INFORMATION**

Statement of Claim filed on January 29, 2003.

Claimant signed the Uniform Submission Agreement on January 29, 2003.

Statement of Answer filed by Respondents on March 31, 2003.

Respondent Saunders signed the Uniform Submission Agreement on March 21, 2003.

A representative of Respondent S&S executed the Uniform Submission Agreement on March 31, 2003.

Claimant's Motion for Sanctions was filed on April 12, 2004.

Respondents' Response to Claimant's Motion for Sanctions was filed on April 19, 2004.

**CASE SUMMARY**

Claimant asserted the following causes of action, among others: unauthorized transactions, breach of fiduciary duty, unsuitability, failure to disclose, misrepresentation, fraud, breach of contract, failure to supervise, violations of Virginia and Federal Securities Statutes, and negligence. The causes of action relate to purchase of various annuities.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses, among others: failure to state facts

sufficient to constitute a cause of action, ratification, failure to exercise reasonable care, Respondents acted in good faith, waiver, estoppel, contributory negligence, and assumption of risk.

#### RELIEF REQUESTED

Claimant in his Statement of Claim requested:

Compensatory Damages	\$320,000.00
Punitive Damages	\$350,000.00
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondents in their Statement of Answer requested that the claim be dismissed in its entirety, that Respondents be awarded costs, fees and expenses, and that this matter be expunged from Respondents' Central Registrations Depository record.

#### OTHER ISSUES CONSIDERED AND DECIDED

On or about May 4, 2004, the Panel denied Claimant's Motion for Sanctions.

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.

#### AWARD

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

1. Respondents are jointly and severally liable to and shall pay to Claimant compensatory damages of \$51,133.79;
2. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and
3. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

#### 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	= \$ 375.00
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#### Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person(s) at the time of the events giving rise to the dispute. Accordingly, Respondent S&S is a party.

Member surcharge	= \$ 2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 4,000.00
Total Member Fees	= \$ 7,000.00

#### 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:

One (1) Pre-hearing session with Panel @ \$1,200.00 = \$ 1,200.00  
Pre-hearing conference: November 21, 2003 1 session

Five (5) Hearing sessions @ \$1,200.00 = \$ 6,000.00  
Hearing Dates: July 27, 2004 2 sessions  
July 28, 2004 2 sessions  
July 29, 2004 1 session

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Total Forum Fees = \$ 7,200.00

1. The Panel has assessed \$3,600.00 of the forum fees to Claimant.
2. The Panel has assessed \$3,600.00 of the forum fees jointly and severally to Respondents.

#### FEE SUMMARY

1. Claimant is assessed and shall pay the following fees:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 3,600.00
Total Fees	= \$ 3,975.00
Less payments	= \$ 1,575.00
Balance Due NASD Dispute Resolution	= \$ 2,400.00

2. Respondent S&S is assessed and shall pay the following fees:

Member Fees	= \$ 7,000.00
Total Fees	= \$ 7,000.00
Less payments	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally assessed and shall pay the following fees:

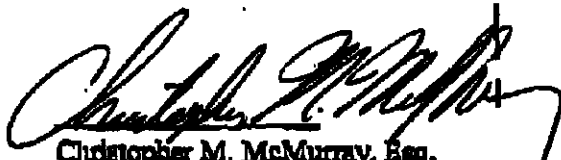
<u>Forum Fees</u>	= \$ 3,600.00
<u>Total Fees</u>	= \$ 3,600.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 3,600.00

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

ARBITRATION PANEL

Christopher M. McMurray, Esq.	-	Public Arbitrator, Presiding Chairperson
William J. Pantele, Esq.	-	Public Arbitrator, Panelist
Edward R. Hipp, III	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

  
Christopher M. McMurray, Esq.  
Public Arbitrator, Presiding Chairperson

8/5/04  
Signature Date

William J. Pantale, Esq.  
Public Arbitrator, Panelist

Signature Date

Edward R. Hipp, III  
Non-Public Arbitrator, Panelist

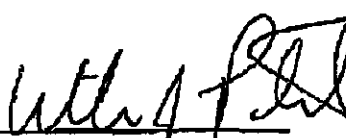
Signature Date

August 6, 2004  
Date of Service (For NASD Dispute Resolution office use only)

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\_\_\_\_\_  
Christopher M. McMurray, Esq.  
Public Arbitrator, Presiding Chairperson

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

  
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William J. Pantele, Esq.  
Public Arbitrator, Panelist

  
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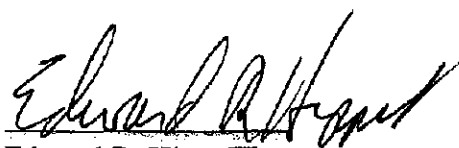
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William J. Pantele, Esq.  
Public Arbitrator, Panelist

Signature Date

  
Edward R. Hipp, III  
Non-Public Arbitrator, Panelist

8-3-2004  
Signature Date

August 6, 2004  
Date of Service (For NASD Dispute Resolution office use only)