

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

In the Matter of the Arbitration Between:

Name of the Claimant

Raymond James & Associates, Inc.

Case Number: 03-01032

Name of the Respondent

Stephen Reynolds

Hearing Site: Tampa, Florida

Nature of the Dispute: Member vs. Associated Person.

**REPRESENTATION OF PARTIES**

For Raymond James & Associates, Inc., hereinafter referred to as "Claimant": Leslie A. Reese, Assistant Vice President, Assistant Corporate Counsel, Raymond James & Associates, Inc., St. Petersburg, Florida.

For Stephen Reynolds, hereinafter referred to as "Respondent": H. Richard Bisbee, Esq., Tallahassee, Florida and Bill Reeves, Esq., Tallahassee, Florida.

**CASE INFORMATION**

Statement of Claim filed on or about: February 7, 2003.

Motion for Default filed on or about: April 24, 2003.

Motion to Exclude Evidence filed on or about: April 24, 2003.

Raymond James' Response to Respondent's Motion for Enlargement of Time to Serve an Answer and Defenses filed on or about: June 25, 2003.

Raymond James' Reply to Stephen A. Reynolds' Counterclaim filed on or about: August 7, 2003.

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

Reynolds' Response to Motion for Default and Motion for Enlargement of Time to Serve an Answer and Defenses filed on or about: June 16, 2003.

Stephen A. Reynolds' Answer and Counterclaims filed on or about: July 1, 2003.

Motion for Leave to Amend Answer and Counterclaims filed on or about: October 15, 2003.

Stephen A. Reynolds' Amended Answer and Counterclaims filed on or about: August 28, 2003.

Respondent did not file an executed Uniform Submission Agreement.

Claimant's Affidavit of Costs filed on or about: October 1, 2004.

Notice of Submitting Legal Authority filed by Respondent on or about: October 1, 2004.

Respondent's Affidavit of Costs filed on or about: September 30, 2004.

**CASE SUMMARY**

Claimant asserted that Respondent's employment with Claimant terminated on December 9, 2002 and as a result of this termination of employment, the unforgiven balances on the Advanced Compensation Agreement and the second Advanced Compensation Agreement executed by Respondent became due and payable and Respondent has failed to pay or otherwise satisfy his obligations to Claimant. The causes of action relate to Respondent's termination of employment

with Claimant.

Unless specifically admitted in his Answers, Respondent denied the allegations made in the Statement of Claim and asserted various defenses. In addition, Respondent asserted the following causes of action in his counterclaims: improper, unlawful or wrongful termination; defamation; tortious interference with advantageous business relationships; negligence; punitive damages; equitable relief; attorneys' fees and costs; illegal agreements; and, amend and correct records. The causes of action relate to Respondent's termination of employment with Claimant.

Unless specifically admitted in its Reply to Counterclaim, Claimant denied the allegations made in the Counterclaim and asserted various defenses.

### **RELIEF REQUESTED**

In the Statement of Claim, Claimant requested an award against Respondent in the amount of \$106,699.79, interest at a rate of 10% from December 9, 2002, costs of these proceedings, reasonable attorneys' fees, and such further relief as the panel deemed just and proper. In its Reply to Counterclaim, Claimant requested that Respondent's counterclaim be denied in its entirety and that the arbitration panel specify in its award that Claimant may seek attorneys' fees under Section 517.105, Fla. Stat. as a "prevailing party" from a court of competent jurisdiction.

Respondent requested dismissal of all claims filed by Claimant; rescission of the advanced compensation agreements or re-instatement of Respondent with back pay and other benefits; compensatory damages and consequential damages in an amount to be determined by the panel, but exceeding one million dollars; punitive damages in an amount of three times the compensatory damages awarded; an award of his reasonable attorneys' fees and costs; an order requiring Claimant to delete or correct the false information on the Central Registration Depository ("CRD") about Respondent and including the findings of the panel; and, such other relief as the arbitration panel found just and equitable.

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

Respondent did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

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

On or about August 18, 2003, the arbitration panel granted Respondent's Motion for Enlargement of Time to Serve an Answer and Defenses.

On or about August 18, 2003, Claimant informed the arbitration panel that it had withdrawn its Motion for Default and Motion to Exclude Evidence.

On or about November 17, 2003, the arbitration panel issued an order which granted Respondent's Motion for Leave to Amend Answer and Counterclaims.

### **AWARD**

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the undersigned arbitrators (the "Panel") have decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable and shall pay to Claimant compensatory damages in the sum of \$126,029.31, inclusive of pre-judgment interest.

Claimant is liable and shall pay to Respondent the sum of \$15,000.00.

The parties' requests for attorneys' fees are denied.

Any and all claims for relief not specifically addressed herein, including Respondent's request for punitive damages, are denied.

The Panel recommends the expungement from Respondent's Form U-5, Item 7(F)(1)4 allegation, the entire sentence in quotes, "Broker put notice in newspaper to get people to invest alongside him participating in profits." The arbitrators affirmatively find that the allegation in this sentence is false. Therefore, an expungement is granted for this sentence only based upon its defamatory nature.

### **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	= \$1,000.00
Counterclaim filing fee	= \$600.00

#### **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 is a party.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$750.00
Hearing process fee	= \$5,000.00

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

January 19, 20 and 21, 2004 Hearing Dates, adjournment fee of \$1,125.00 assessed to Claimant.

**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.

No injunctive relief fees were incurred 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 @ \$1,200.00	= \$2,400.00
Pre-hearing conference: August 18, 2003	1 session
July 12, 2004	1 session

Eight (8) Hearing sessions @ \$1,200.00	= \$9,600.00
Hearing Dates: May 3, 2004	2 sessions
May 4, 2004	2 sessions
September 21, 2004	2 sessions
September 22, 2004	2 sessions

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Total Forum Fees	= \$12,000.00
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The Panel has determined to waive the forum fees of \$4,800.00 for the hearing sessions conducted on May 3 and 4, 2004.

The Panel has assessed the remainder of the forum fees of \$7,200.00 to Claimant.

**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 are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

Respondent incurred an administrative cost of \$48.50 representing the fee for copies of the exhibits from the file.

**FEE SUMMARY**

Claimant is solely liable for:

Initial Filing Fee	= \$1,000.00
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Member Fees	= \$7,450.00
Adjournment Fee	= \$1,125.00
Forum Fees	= \$7,200.00
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Total Fees	= \$16,775.00
Less payments	= \$9,575.00
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Balance Due NASD Dispute Resolution	= \$7,200.00

Respondent is solely liable for:

Filing Fee	= \$600.00
Administrative Costs	= \$48.50
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Total Fees	= \$648.50
Less payments	= \$0.00
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Balance Due NASD Dispute Resolution	= \$648.50

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

**ARBITRATION PANEL**

Sandra J. Bakalus	-	Non-Public Arbitrator, Presiding Chair
Edith N. Dinneen, Esq.	-	Public Arbitrator
Arthur Stern, JD	-	Public Arbitrator

**Concurring Arbitrators' Signatures**

\_\_\_\_\_/s/\_\_\_\_\_  
Sandra J. Bakalus  
Non-Public Arbitrator, Presiding Chair

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

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October 15, 2004  
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

Arbitration No. 03-01032

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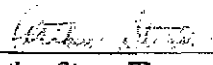
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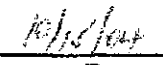
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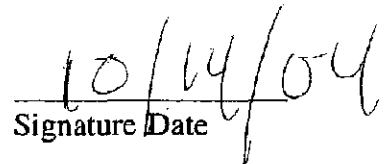
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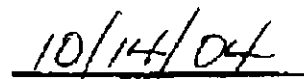
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