

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

---

In the Matter of the Arbitration Between:

Lois Myers and Stanley Myers, Individually and as Co-Trustees of the Myers Living Trust,  
Claimants v. World Group Securities, Inc., WMA Securities, Inc., Fredrick R. Cornilles, Lindy  
B. Clark, Faye M. Schwartz, and Bruce A. Bailey, Respondents

Case Number: 03-01076

Hearing Site: Portland, Oregon

---

Nature of the Dispute: Customers v. Members and Associated Persons

**REPRESENTATION OF PARTIES**

For Claimants:

Dayna E. Underhill, Esq.  
Law Office of Dayna E. Underhill  
Portland, Oregon

For Respondents World Group Securities, Inc.,  
WMA Securities, Inc., Lindy B. Clark,  
Faye M. Schwartz, and Bruce A. Bailey

Christopher B. Wells, Esq.  
Lane, Powell, Spears and Lubersky, LLP  
Seattle, Washington

For Respondent Fredrick R. Cornilles:

Lloyd Bernstein, Esq.  
Bullivant, Houser and Bailey, P.C.  
Portland, Oregon

**CASE INFORMATION**

Statement of Claim filed: February 11, 2003

Claimants' Uniform Submission Agreement signed: March 11, 2003

Joint Statement of Answer filed by Respondents World Group Securities, Inc., WMA Securities,  
Inc., Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey: May 20, 2003

Statement of Answer filed by Respondent Fredrick R. Cornilles: May 16, 2003

Respondent WMA Securities, Inc.'s Uniform Submission Agreement signed: March 20, 2003

Respondent Fredrick R. Cornilles' Uniform Submission Agreement: Signed but not dated

Respondent Lindy B. Clark's Uniform Submission Agreement signed: May 14, 2002

Respondent Faye M. Schwartz's Uniform Submission Agreement signed: May 19, 2003

Respondent Bruce A. Bailey's Uniform Submission Agreement signed: May 15, 2003

### **CASE SUMMARY**

Claimants alleged common law negligence, common law fraud, breach of fiduciary duty, negligent supervision, breach of contract and violation of Oregon insurance laws. Claimants' allegations involved American Skandia variable annuity.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

Claimants requested compensatory damages in the sum of \$79,169.20, interest and costs, including attorney's fees.

Respondents World Group Securities, Inc., WMA Securities, Inc., Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey requested dismissal of the Claimants' Statement of Claim in its entirety, expungement of all reference to the above captioned arbitration from the registration records of Respondents Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey, costs and attorney's fees.

Respondent Fredrick R. Cornilles requested dismissal of the Claimants' Statement of Claim in its entirety.

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

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

On November 3, 2003 the parties entered into a Stipulated Agreement to Dismiss with Prejudice Respondent World Group Securities, Inc.

The parties agreed that the Stipulated Award in this matter may be executed in counterpart copies or that a handwritten, signed Stipulated Award may be entered.

### **STIPULATION**

It is hereby stipulated by Claimants and the individual Respondents, through their undersigned attorneys of record, that:

1. Claimants have reached a settlement with all Respondents. All of Claimants' claims asserted against the Respondents are hereby dismissed with prejudice; and
2. Claimants do not object to the panel rendering the following award:

The Panel recommends the expungement of all reference to the above captioned arbitration from Respondents Fredrick R. Cornilles, Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey's registration records maintained by NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondents Fredrick R. Cornilles, Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

### **STIPULATED AWARD**

After considering the pleadings and the Parties' request for this Stipulated Award, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants and Respondents WMA Securities, Inc., Fredrick R. Cornilles, Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey have entered into a settlement agreement.
2. All claims are dismissed with prejudice, each side to bear its own costs.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondents Fredrick R. Cornilles, Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey's registration records maintained by NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondents Fredrick R. Cornilles, Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

**FEES**

Pursuant to the Code, the following fees are assessed:

**Filing Fees**

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee = \$ 225.00

**Member Fees**

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm World Group Securities, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,100.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	= \$ 1,700.00
<b>Total Member Fees</b>	<b>= \$ 3,550.00</b>

In addition, the member firm WMA Securities, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,100.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	= \$ 1,700.00
<b>Total Member Fees</b>	<b>= \$ 3,550.00</b>

**Forum Fees and Assessments**

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

One (1) Pre-hearing conference session with the Panel @ \$ 750.00/session	= \$ 750.00
Pre-hearing conference: July 18, 2003 1 session	

---

<b>Total Forum Fees</b>	<b>= \$ 750.00</b>
-------------------------	--------------------

1. The Panel assessed \$ 375.00 of the forum fees jointly and severally to Claimants Lois Myers and Stanley Myers, Individually and as Co-Trustees of the Myers Loving Trust.
2. The Panel assessed \$ 375.00 of the forum fees jointly and severally to Respondents World Group Securities, Inc., WMA Securities, Inc., Fredrick R. Cornilles, Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey.

**Fee Summary**

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 225.00
Forum Fees	= \$ 375.00
<u>Balance of Hearing Session Deposit retained pursuant to Rule 10332(f)</u>	= \$ 375.00
Total Fees	= \$ 975.00
<u>Less payments</u>	= \$ (975.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 0.00</b>

2. Respondent WMA Securities, Inc. is charged with the following fees and costs:

Member Fees	= \$ 3,550.00
<u>Less payments</u>	= \$ (1,850.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 1,700.00</b>

3. Respondent World Group Securities, Inc. is charged with the following fees and costs:


Member Fees	= \$ 3,550.00
<u>Less payments</u>	= \$ (3,550.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 0.00</b>

4. Respondents World Group Securities, Inc., WMA Securities, Inc., Fredrick R. Cornilles, Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 375.00
<u>Less payments</u>	= \$ (0.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 375.00</b>

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

**Parties' Signatures**



Dayna E. Underhill, Esq.  
for Claimants Lois Myers and Stanley Myers,  
Individually and as Co-Trustees  
of the Myers Loving Trust

3/31/04

Signature Date

\_\_\_\_\_  
Christopher B. Wells, Esq.  
for Respondents WMA Securities, Inc.,  
Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey

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

\_\_\_\_\_  
Lloyd Bernstein, Esq.  
for Respondent Fredrick R. Cornilles

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

**Parties' Signatures**

\_\_\_\_\_  
Dayna E. Underhill, Esq.  
for Claimants Lois Myers and Stanley Myers,  
Individually and as Co-Trustees  
of the Myers Loving Trust

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

*Michael A. Mostoufi for CBW*  
\_\_\_\_\_  
Christopher B. Wells, Esq.  
for Respondents WMA Securities, Inc.,  
Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey

*3/30/04*  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Lloyd Bernstein, Esq.  
for Respondent Fredrick R. Cornilles

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

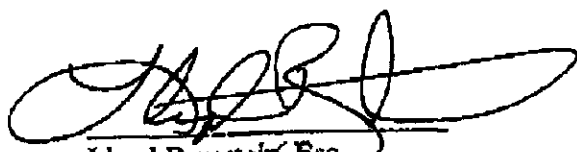
**Parties' Signatures**

\_\_\_\_\_  
Dayna E. Underhill, Esq.  
for Claimants Lois Myers and Stanley Myers,  
Individually and as Co-Trustees  
of the Myers Loving Trust

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

\_\_\_\_\_  
Christopher B. Wells, Esq.  
for Respondents WMA Securities, Inc.,  
Lindy B. Clark, Faye M. Schwartz, and Bruce A. Bailey

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

  
\_\_\_\_\_  
Lloyd Bernstein, Esq.  
for Respondent Fredrick R. Cornilles

3/30/04  
\_\_\_\_\_  
Signature Date



**ARBITRATION PANEL**

**Joseph L. Mangan**  
**Gordon MacMillan**  
**Jonathan W. Kaiser**

**Non-Public Arbitrator, Presiding Chair**  
**Public Arbitrator**  
**Public Arbitrator**

**Concurrent Arbitrators' Signatures**

  
**Joseph L. Mangan**  
**Chair, Non-Public Arbitrator**

4/5/2004  
**Signature Date**

**Gordon MacMillan**  
**Public Arbitrator**

**Signature Date**

**Jonathan W. Kaiser**  
**Public Arbitrator**

**Signature Date**

April 7, 2004  
**Date of Service**

ARBITRATION PANEL

Joseph L. Mangan	-	Non-Public Arbitrator, Presiding Chair
Gordon MacMillan	-	Public Arbitrator
Jonathan W. Kaiser	-	Public Arbitrator

Concurring Arbitrators' Signatures

\_\_\_\_\_  
Joseph L. Mangan  
Chair, Non-Public Arbitrator

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

  
Gordon MacMillan  
Public Arbitrator

4/5/04  
~~4/5/04~~  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Jonathan W. Kaiser  
Public Arbitrator

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

April 7, 2004  
\_\_\_\_\_  
Date of Service

**ARBITRATION PANEL**

Joseph L. Mangan  
Gordon MacMillan  
Jonathan W. Kaiser

Non-Public Arbitrator, Presiding Chair  
Public Arbitrator  
Public Arbitrator

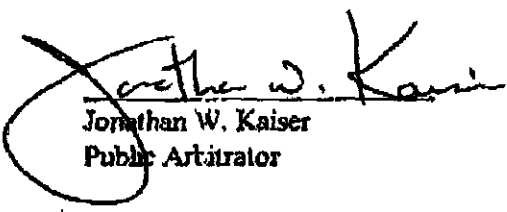
**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Joseph L. Mangan  
Chair, Non-Public Arbitrator

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

\_\_\_\_\_  
Gordon MacMillan  
Public Arbitrator

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

  
Jonathan W. Kaiser  
Public Arbitrator

4/6/04  
Signature Date

April 7, 2004  
Date of Service