

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimants

Gary R. Baily and
Tricia R. Baily

Case Number: 03-01582

Name of the Respondents

The Advisors Group, Inc. and
Mickey R. Cargile

Hearing Site: Dallas, Texas

NATURE OF THE DISPUTE

Public Customers v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Claimants Gary R. Baily and Tricia R. Baily, hereinafter collectively referred to as "Claimants":
John E. Dees, Esq., located in Dallas, Texas.

Respondents The Advisors Group, Inc. ("Advisors") and Mickey R. Cargile ("Cargile"),
hereinafter collectively referred to as "Respondents": Ashley Interrante Scheer, Esq. of the firm
of Jackson Walker, L.L.P., located in Dallas, Texas.

CASE INFORMATION

Statement of Claim filed: March 5, 2003.

Claimants signed the Uniform Submission Agreement: March 4, 2003.

Statement of Answer filed by Respondents: May 15, 2003.

Respondent Advisors signed the Uniform Submission Agreement: April 28, 2003.

Respondent Cargile signed the Uniform Submission Agreement: April 25, 2003.

Respondents' Motion to Dismiss filed: March 5, 2004.

Claimants' Response to Respondents' Motion to Dismiss filed: March 25, 2004.

Claimants' Amended Statement of Claim filed: March 31, 2004.

Respondents' Motion to Strike Claimants' Amended Statement of Claim filed: April 5, 2004.

Claimants' Motion for Leave to File an Amended Statement of Claim filed: April 8, 2004.

Respondents' Response to Claimants' Motion for Leave to File an Amended Statement of Claim

filed: April 21, 2004.

CASE SUMMARY

Claimants alleged that the Respondents misrepresented the safety and risk of an investment in Intermedia Communications Preferred Series B Bonds, who had just been purchased by WorldCom. As alleged in the Claim, Cargile assured Claimants that the investment was virtually risk free, even though WorldCom was approximately 30 billion dollars in debt.

Unless specifically admitted in its Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Claimants authorized and approved the transactions in the account, therefore Claimants should be estopped from contesting the trades at issue;
2. Claimants' Statement of Claim fails to state a claim upon which relief can be granted;
3. Claimant assumed the risk associated with the securities in their account;
4. Claimants failed to take appropriate steps to mitigate their losses;
5. The Respondents acted in compliance with all applicable rules and regulations and acted in good faith and did not directly induce the alleged act or acts, if any, constituting alleged violations of law;
6. Advisors properly, diligently, and adequately supervised Cargile and every other employee, agent, and representative of Advisors with respect to the accounts and complied with all relevant laws, rules, regulations, and policies regarding the duty of supervision;
7. The transactions complained of in the Statement of Claim were duly authorized and instructed by Claimants, who, at all times, were in sole control of the assets and the accounts at issue;
8. Respondents did not recommend unsuitable investments with respect to Claimants' investment objectives;
9. Respondent breached no duties owed to Claimants; and,
10. To the extent Claimants have suffered any damages, those damages have no causal relationship with any act committed by Respondents nor are they legally attributable to Respondents.

RELIEF REQUESTED

Claimant Gary R. Baily and Tricia R. Baily requested:

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|--|--------------------|
| Compensatory Damages | \$113,952.00 |
| Interest | Unspecified Amount |
| Attorneys' Fees | Unspecified Amount |
| Other Costs | Unspecified Amount |
| Other Monetary/Non-Monetary Relief if any: | Unspecified |

Respondents The Advisors Group, Inc. ("Advisors") and Mickey R. Cargile requested that

Claimants' claims be denied in their entirety and that Respondents be awarded their attorneys' fees, costs, and any other relief to which they may be entitled.

OTHER ISSUES CONSIDERED AND DECIDED

On April 2, 2004, the Panel heard argument regarding Respondents' Motion to Dismiss. After consideration of the arguments presented and the pleadings filed by the parties, the Panel determined that the Motion was denied.

On May 10, 2004, the Panel denied Claimants' Motion for Leave to File an Amended Statement of Claim, stating that Claimants may set forth their damage analysis at hearing without amending the Statement of Claim and adding new causes of action. Respondents' Motion to Strike was denied as moot.

The parties 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 The Advisors Group, Inc. and Mickey R. Cargile are jointly and severally liable for and shall pay to Claimant Tricia R. Baily the sum of \$37,726.00, plus interest at the rate of 6% per annum accruing from the date the award is served until the sum is paid in full;
2. In addition, Respondents The Advisors Group, Inc. and Mickey R. Cargile are jointly and severally liable for and shall pay to Claimant Tricia R. Baily the sum of \$1,700.00 as costs;
3. The claims asserted by Claimant Gary R. Baily are denied in their entirety;
4. Any additional costs of arbitration, including any attorneys' fees, shall be paid by the party incurring the cost, except for those sums specifically determined in this award; and,
5. Any and all relief not specifically addressed herein is denied.

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 = \$ 300.00

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 person at the time of the events giving rise to the dispute. Accordingly, The Advisors Group, Inc. is a party and the following member fees are assessed:

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|-------------------------|---------------|
| Member surcharge | = \$ 1,700.00 |
| Pre-hearing process fee | = \$ 750.00 |
| Hearing process fee | = \$ 2,750.00 |

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

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|--|---------------|
| May 4 and 5, 2004 adjournment by Claimants | = \$ 1,125.00 |
|--|---------------|

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 a single arbitrator @ \$450.00 | = \$ 450.00 |
| Pre-hearing conference: April 26, 2004 1 session | |
| Two (2) Pre-hearing sessions with Panel @ \$1,125.00 | = \$ 2,250.00 |
| Pre-hearing conferences: October 1, 2003 1 session | |
| April 2, 2004 1 session | |
| Four (4) Hearing sessions @ \$1,125.00 | = \$ 4,500.00 |
| Hearing Date: February 24, 2004 1 session | |
| October 5, 2004 2 sessions | |
| October 6, 2004 1 session | |
| <hr/> Total Forum Fees | <hr/> = \$ 7,200.00 |

The Panel has assessed \$7,200.00 of the forum fees solely to Claimant Gary R. Baily.

EEE SUMMARY

Claimants Gary R. Baily and Tricia R. Baily are jointly and severally liable for:

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|-------------------------------------|----------------------|
| Initial Filing Fee | = \$ 300.00 |
| <u>Adjournment Fee</u> | <u>= \$ 1,125.00</u> |
| Total Fees | = \$ 1,425.00 |
| <u>Less payments</u> | <u>= \$ 1,425.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 0.00 |

Claimant Gary R. Baily is solely liable for:

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| | |
|-------------------------------------|---------------|
| Forum Fees | = \$ 7,200.00 |
| Less payments | = \$ 0.00 |
| Balance Due NASD Dispute Resolution | = \$ 7,200.00 |

Respondent The Advisors Group, Inc. is solely liable for:

| | |
|-------------------------------------|---------------|
| Member 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

Jeff Abrams - Public Arbitrator, Presiding Chairperson
Edmund R. Yates, Esq. - Public Arbitrator
G. Dale McKissick - Non-Public Arbitrator

Concurring Arbitrators' Signatures



Jeff Abrams
Public Arbitrator, Presiding Chairperson

10-13-2004

Signature Date

Edmund R. Yates, Esq.
Public Arbitrator

Signature Date

G. Dale McKissick
Non-Public Arbitrator

Signature Date

10/18/04 
Date of Service (For NASD Dispute Resolution office use only)

10/18/2004 12:54 FAX

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| | |
|-------------------------------------|---------------|
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Respondent The Advisors Group, Inc. is solely liable for:

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| Less payments | = \$ 5,200.00 |
| Balance Due NASD Dispute Resolution | = \$ 0.00 |

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Edmund R. Yates, Esq. - Public Arbitrator
G. Dale McKissick - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Jeff Abrams
Public Arbitrator, Presiding Chairperson

Signature Date


Edmund R. Yates, Esq.
Public Arbitrator

Oct. 13 2004
Signature Date

G. Dale McKissick
Non-Public Arbitrator

Signature Date

10/18/04 
Date of Service (For NASD Dispute Resolution office use only)

| | |
|-------------------------------------|---------------|
| Forum Fees | = \$ 7,200.00 |
| Less payments | = \$ 0.00 |
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Respondent The Advisors Group, Inc. is solely liable for:

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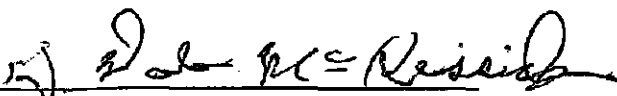
Concurring Arbitrators' Signatures

Jeff Abrams
Public Arbitrator, Presiding Chairperson

Signature Date

Edmund R. Yates, Esq.
Public Arbitrator

Signature Date



G. Dale McKissick
Non-Public Arbitrator

10-14-04
Signature Date

10/18/04 
Date of Service (For NASD Dispute Resolution office use only)