

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

John D. Jeffries (Claimant) v. John Hancock Financial Services, Inc., Signator Financial Services, Inc., Signator Insurance Agency, Inc., Signator Investors, Inc., John Hancock Life Insurance Company, John Hancock Variable Life Insurance Company, Hancock Partners Insurance Agency, Hancock Partners Insurance General Partnership, LLP, Jeremiah R. Healey, Jr., Grant David Ward, and Robert H. Watts (Respondents)

Case Number: 03-04922

Hearing Site: Boston, Massachusetts

Nature of the Dispute: Associated Person vs. Member, Non-Members, and Associated Persons.

REPRESENTATION OF PARTIES

Claimant John D. Jeffries ("Jeffries") hereinafter referred to as "Claimant": Michael J. McHugh, Esq., Rich May, P.C., Boston, MA.

Respondents Jeremiah R. Healey, Jr. ("Healey") and Hancock Partners Insurance General Partnership, LLP ("Hancock Partners Insurance General Partnership"): David E. Marder, Esq., Robins, Kaplan, Miller & Ciresi, LLP, Boston, MA.

Respondents John Hancock Financial Services, Inc. ("John Hancock Financial Services"), Signator Financial Services, Inc. ("Signator Financial Services"), Signator Insurance Agency, Inc. ("Signator Insurance Agency"), Signator Investors, Inc. ("Signator Investors"), John Hancock Life Insurance Company ("John Hancock Life"), John Hancock Variable Life Insurance Company ("John Hancock Variable Life"), Hancock Partners Insurance Agency ("Hancock Partners Insurance Agency"), Grant David Ward ("Ward"), and Robert H. Watts ("Watts") hereinafter collectively referred to as the Hancock Respondents": Ralph C. Martin, II, Esq., Bingham McCutchen, LLP, Boston, MA.

CASE INFORMATION

Statement of Claim filed on or about: July 2, 2003.

Reply to Counterclaims filed by Claimant on or about: September 26, 2003.

Opposition to Respondents Healey's and Hancock Partners Insurance General Partnership

Motion to Dismiss filed by Claimant on or about: September 30, 2003.

Opposition to the Motion to Dismiss Claims Against Respondents Ward and Watts filed by Claimant on or about: October 6, 2003.

Opposition to the Motion to Dismiss Claims Against Respondents Signator Investors and the

Hancock Respondents filed by Claimant on or about: October 7, 2003.
Claimant signed the Uniform Submission Agreement: July 2, 2003.

Joint Statement of Answer filed by Respondents Healey and Hancock Partners Insurance General Partnership on or about: August 27, 2003.

Joint Amended Answer filed by Respondents Healey and Hancock Partners Insurance General Partnership on or about: October 10, 2003.

Respondent Healey signed the Uniform Submission Agreement: August 26, 2003.

Respondent Hancock Partners Insurance General Partnership did not sign the Uniform Submission Agreement.

Joint Statement of Answer, Counterclaims, and Motion to Dismiss filed by the Hancock Respondents on or about: September 16, 2003.

Respondent John Hancock Financial Services did not sign the Uniform Submission Agreement.

Respondent Signator Financial Services did not sign the Uniform Submission Agreement.

Respondent Signator Insurance Agency did not sign the Uniform Submission Agreement.

Respondent Signator Investors did not sign the Uniform Submission Agreement.

Respondent John Hancock Life did not sign the Uniform Submission Agreement.

Respondent John Hancock Variable Life did not sign the Uniform Submission Agreement.

Respondent Hancock Partners Insurance Agency did not sign the Uniform Submission Agreement.

Respondent Ward did not sign the Uniform Submission Agreement.

Respondent Watts did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: violation of Massachusetts Gen. L. c. 93A, §11; breach of contract; breach of the implied covenant of good faith and fair dealing; defamation; interference with contractual and advantageous relations; negligent misrepresentation; legal malpractice; and wrongful termination in violation of public policy.

Unless specifically admitted in his Reply to Counterclaims, Claimant denied the allegations made in the Counterclaims and asserted various affirmative defenses.

Unless specifically admitted in their Answer and Amended Answer, Respondents Healey and Hancock Partners Insurance General Partnership denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in their Answer, the Hancock Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In its Counterclaim, Signator Investors asserted the following causes of action: fraud; negligent misrepresentation; and breach of contract.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$14,093,000.00; punitive damages in the amount of \$28,186,000.00; expungement of the false and defamatory statements, including statements made on the Form U-5; a public retraction of its defamatory statements and an apology for the untruthful and intentionally malicious treatment of him; indemnification and hold Claimant harmless from and against any and all claims or actions related to Hancock's failure to provide proper compliance support for the activities of the TVG; legal and consulting fees; and costs.

In his Reply to Counterclaims, Claimant requested that the Counterclaims against him be dismissed in their entirety; costs and attorneys' fees; and such other and further relief as the Arbitrators deem appropriate.

Respondents Healey and Hancock Partners Insurance General Partnership requested that this action be dismissed and that they be reimbursed for their costs and attorneys' fees.

The Hancock Respondents requested that the Panel dismiss the claim in its entirety and provide that Claimant recover nothing; an order that all references to this matter be stricken from the permanent records and registration files maintained by the Central Registration Depository for Respondents Ward and Watts; an award in favor of Signator Investors on its Counterclaim; award compensatory damages to Signator Investors on its Counterclaim; and such other, further, and different relief as the Panel may deem appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Hancock Partners Insurance General Partnership, John Hancock Financial Services, Signator Financial Services, Signator Insurance Agency, Signator Investors, John Hancock Life, John Hancock Variable Life, Hancock Partners Insurance Agency, Ward, and Watts did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the Code and, having answered the claim, are bound by the determination of the Panel on all issues submitted.

On or about June 21, 2004, a telephonic pre-hearing conference was held to allow oral argument on Respondents' various Motions to Dismiss and Claimant's Oppositions thereto. Upon consideration of the oral arguments and a review of the cases forwarded to the Panel – *Ladd v. Scudder Kemper Investments*, *World Financial Group, Inc. v. Steele, et al*, and *Burns v. New York Life Insurance Co.* – the Panel ordered that Respondents John Hancock Financial Services, Signator Financial Networks, Signator Insurance Agency, John Hancock Life, John Hancock Variable Life, Hancock Partners Insurance General Partnership, and Hancock Partners Insurance Agency be dismissed on jurisdictional grounds only. The arbitration proceeded against Respondents Signator Investors, Healey, Ward, and Watts.

Respondent Signator Investors filed a written Motion in Limine. After due consideration, the Panel determined that it would rule on evidence as it was presented.

Oral Motions to Dismiss were made by Respondents Signator Investors and Healey that were denied by the Panel.

Pursuant to the parties' agreement, the Panel assessed an additional two hearing sessions for the deliberation held on March 2, 2005.

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. Claimant's claims are denied in their entirety.
2. Respondent Signator's Counterclaims are denied in their entirety.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Grant David Ward's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Grant David Ward must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Robert H. Watt's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Robert H. Watts must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
5. Any and all relief not specifically addressed herein, including punitive damages, 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	= \$ 600.00
Signator's Counterclaim filing fee	= \$1,000.00

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 persons at the time of the events giving rise to the dispute. Accordingly, Signator Investor Services, Inc. is a party.

Member surcharge	= \$3,750.00
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Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,500.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

July 27-30, 2004, joint adjournment request by Signator Investors and Healey	= \$1,200.00
Signator Investors' share	= \$600.00
Healey's share	= \$600.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Pre-hearing sessions with Panel @ \$1,200.00	= \$ 3,600.00
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Pre-hearing conferences:	January 27, 2004	1 session
	June 3, 2004	1 session
	June 21, 2004	1 session

Forty-two (42) Hearing sessions @ \$1,200.00	= \$50,400.00
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Hearing Dates:	July 21, 2004	2 sessions
	July 22, 2004	2 sessions
	July 23, 2004	2 sessions
	August 2, 2004	2 sessions
	August 3, 2004	2 sessions
	August 4, 2004	2 sessions
	August 30, 2004	2 sessions
	August 31, 2004	2 sessions
	September 1, 2004	2 sessions
	September 2, 2004	2 sessions
	January 3, 2005	2 sessions
	January 4, 2005	2 sessions
	January 5, 2005	2 sessions
	January 6, 2005	2 sessions
	January 7, 2005	2 sessions
	January 31, 2005	2 sessions
	February 1, 2005	2 sessions
	February 2, 2005	2 sessions
	February 3, 2005	2 sessions
	February 4, 2005	2 sessions
	March 2, 2005	2 deliberation sessions

Total Forum Fees	= \$54,000.00
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1. The Panel has assessed \$18,000.00 of the forum fees against Claimant.

2. The Panel has assessed \$18,000.00 of the forum fees against Respondent Signator Investors.
3. The Panel has assessed \$18,000.00 of the forum fees against Respondent Healey.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$18,000.00
Total Fees	= \$18,600.00
<u>Less payments</u>	= \$ 1,800.00
Balance Due NASD Dispute Resolution	= \$16,800.00

2. Respondent Signator Investors is solely liable for:

Counterclaim Filing Fee	= \$ 500.00
Member Fees	= \$10,000.00
Adjournment Fee	= \$ 600.00
Forum Fees	= \$18,000.00
Total Fees	= \$29,100.00
<u>Less payments</u>	= \$11,000.00
Balance Due NASD Dispute Resolution	= \$18,100.00

3. Respondent Healey is solely liable for:

Adjournment Fee	= \$ 600.00
Forum Fees	= \$18,000.00
Total Fees	= \$18,600.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$18,600.00

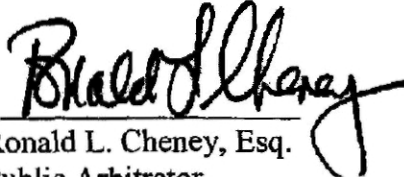
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL


June Y. Kilmarx, Esq.	-	Public Arbitrator, Presiding Chairperson
Ronald L. Cheney, Esq.	-	Public Arbitrator
Paul V. Curcio, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

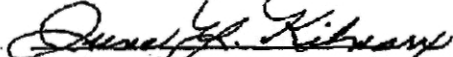

Ronald L. Cheney, Esq.
Public Arbitrator

4/12/2005
Signature Date


Paul V. Curcio, Esq.
Non-Public Arbitrator

3/17/05
Signature Date

Dissenting Arbitrator's Signature


June Y. Kilmarx, Esq.
Public Arbitrator, Presiding Chairperson

March 21, 2005
Signature Date

April 14, 2004

Date of Service (For NASD Dispute Resolution use only)