

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant / Counter-Respondent
Wachovia Securities, LLC

v.

03-05052
Minneapolis, Minnesota

Respondent / Counter-Claimant
Joel Pearson

Nature of Dispute: Member v. Associated Person and Associated Person v. Member

REPRESENTATION OF PARTIES

Wachovia Securities, LLC ("**Claimant or Counter-Respondent**") was represented by Douglas D. Callaway, Esq., of Wachovia Securities, Richmond, Virginia until February 16, 2004. Thereafter Claimant was represented by Jonathan M. Harris, of Lindquist & Vennum, P.L.L.P., Minneapolis, Minnesota.

Joel Pearson ("**Respondent or Counter-Claimant**") was represented by Michael D. Chiumento, Esq., of Chiumento & Associates, P.A., Palm Coast, Florida until March 1, 2004. Thereafter Claimant was represented by Benjamin S. Houge, Esq., of Benjamin S. Houge & Associates, L.L.P., Minneapolis, Minnesota.

CASE INFORMATION

The Statement of Claim was filed on or about July 8, 2003. The Submission Agreement of Claimant was signed on or about June 26, 2003, by Douglas D. Callaway, Esq., Vice President and Assistant General Counsel of Wachovia Securities.

The Statement of Answer and Counterclaim was filed by Respondent on or about January 28, 2004. No Submission Agreement was filed by Joel Pearson.

Respondent filed a Motion for Leave to File an Amended Answer and Counterclaim on or about April 17, 2004.

On or about March 17, 2004, the parties submitted a Joint Stipulation for a Change of Venue.

On or about May 14, 2004, the parties submitted a Joint Stipulation for the Recusal of the Panel.

Claimant filed a Motion for Default Judgment, Motion for Summary Judgment and Motion to Dismiss Respondent's Counterclaim on or about November 1, 2004. Respondent filed a

Memorandum in Opposition to Claimant's Motion for Default Judgment, Motion for Summary Judgment and Motion to Dismiss Respondent's Counterclaim on or about December 20, 2004. Respondent filed a Supplemental Memorandum in Opposition on or about January 6, 2005. Claimant filed a Reply to Respondent's Response to its Motion for Default Judgment, Motion for Summary Judgment and Motion to Dismiss Respondent's Counterclaim on or about January 19, 2005.

Respondent filed a Motion for Leave to File Second Amended Answer and Counterclaim on or about November 27, 2004. Claimant filed an Opposition to the Motion for Leave on or about December 2, 2004.

Respondent filed a Motion for Summary Judgment on his Whistleblower Claim and A Motion for Leave to Supplement Records on or about December 20, 2004. Claimant filed a Memorandum of Law in Opposition to Respondent's Motion for Summary Judgment and Motion for Leave on or about January 19, 2005. Respondent filed a Reply to Claimant's Memorandum of Law in Opposition.

CASE SUMMARY

Claimant asserted the following cause of action: breach of a promissory note. The cause of action related to Claimant's allegation that Respondent breached a promissory note dated April 10, 2000, hereinafter referred to as the "Note." Claimant alleged that Respondent failed to honor the terms of the Note after his departure on July 24, 2002.

Respondent denied the allegations set forth in the Statement of Claim. Respondent asserted in his Counterclaim causes of action including the following: violation of the Florida Criminal Enterprise Act; criminal securities fraud; criminal exploitation of the elderly and disabled in violation of Florida Statute 825.103; theft from the elderly and disabled in violation of Florida Statute 812.014; communication fraud; violation of the White Collar Crime Victims Protection Act; common law fraud; negligence and breach of contract. Counter-Claimant alleged that he was forced to resign from Wachovia after he refused to take part in Wachovia's policy to slam its senior citizen customers into purchasing various low-quality E-rated mutual funds, which according to Counter-Claimant were inappropriate investments for any senior citizen customers. Counter-Claimant asserted that the management of Wachovia stressed that he would be fired if he did not go along with selling the mutual funds to senior citizens. After refusing to sign off on the trade tickets, Counter-Claimant alleged that he was subject to retaliation and a hostile workplace that forced him to resign from Wachovia and damaged his reputation within the industry.

RELIEF REQUESTED

Claimant requested an award of \$115,000 relating to the principal due and owing under the Note, plus interest, costs, attorneys' fees and any other relief the panel deemed just and equitable.

Respondent requested that the claims asserted against him be denied in their entirety and that he be awarded his costs and attorneys' fees. In his Counterclaim, Respondent requested an award of \$10,300,000 in actual damages, plus treble damages, attorneys' fees, costs and such other relief as the panel deemed just and equitable.

Counter-Respondent requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Respondent, Joel Pearson, did not file with the NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the Statement of Claim, asserted a Counterclaim, and having appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

Pursuant to the parties' Joint Stipulation for a Change of Venue and their Joint Stipulation for the Recusal of the Panel, the hearing venue was changed to Minneapolis, Minnesota, and a new panel was appointed in accordance with the parties' stipulation.

The panel in its Order dated February 5, 2005, denied the following Motions: Claimant's Motion for Summary Judgment; Claimant's Motion to Dismiss the Counterclaim of Respondent; Respondent's Motion for Summary Judgment pursuant to his Whistle Blower and RICO Claims; Respondent's Motion to File Seconded Amended Answer and Counterclaim.

The panel in its Order dated February 5, 2005, granted the following Motions: Claimant's Motion to Dismiss Respondent's Whistler Blower Claim; and Respondent's Motion to Amend his Counterclaim.

All parties agreed to the panel's composition.

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. In either case, the parties have agreed to receive conformed copies of the award while the originals remain on file with NASD Dispute Resolution ("NASD").

AWARD

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

1. Respondent, Joel Pearson, is liable for and shall pay to Claimant, Wachovia Securities, LLC, the sum of One Hundred Twelve Thousand Five Hundred Dollars and No Cents (\$112,500.00) in damages;
2. Respondent, Joel Pearson, is liable for and shall pay to Claimant, Wachovia Securities, LLC, interest in the amount of Thirty Six Thousand Nine Hundred Seventy Five Dollars and Twenty Eight Cents (\$36,975.28) pursuant to the terms of the Note;
3. The counterclaims asserted by Joel Pearson, each and all, are denied and dismissed with prejudice;
4. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, are denied with prejudice; and
5. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys' fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial claim filing fee	= \$ 1,000
Counterclaim filing fee	= \$ 600

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. In this matter, the member firm is Wachovia Securities, LLC.

Member surcharge	= \$ 1,700
Pre-hearing process fee	= \$ 750
Hearing process fee	= \$ 5,500

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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:

Two (2) Pre-hearing sessions with the Chairperson x \$ 450 = \$ 900

Pre-hearing conferences:	04/25/2005	1 session
	05/06/2005	1 session

Four (4) Pre-hearing sessions with Panel x \$ 1,200 = \$ 4,800

Pre-hearing conferences:	03/01/2004	1 session
	04/20/2004	1 session
	11/23/2004	1 session
	02/04/2005	1 session

Six (6) Hearing sessions with Panel x \$ 1,200 = \$ 7,200

Hearing Dates:	05/17/2005	2 sessions
	05/18/2005	2 sessions
	05/19/2005	2 sessions

Total Forum Fees = \$ 12,900

The Arbitration Panel has assessed \$ 6,450 of the forum fees to Wachovia Securities, LLC.

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FEE SUMMARY

Claimant, Wachovia Securities, LLC, is liable for:

<u>Initial Filing Fee</u>	= \$ 1,000
<u>Member Fees</u>	= \$ 7,950
<u>Forum Fees</u>	= \$ 6,450
<u>Total Fees</u>	= \$ 15,400
<u>Less payments</u>	= \$ 7,325
<u>Balance Due NASD Dispute Resolution</u>	= \$ 8,075

Respondent, Joel Pearson, is liable for:

Counterclaim Filing Fee	= \$ 600
Forum Fees	= \$ 6,450
Administrative Fees	= \$ 15
Total Fees	= \$ 7,065
Less payments	= \$ 615
Balance Due NASD Dispute Resolution	= \$ 6,450

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

ARBITRATION PANEL

James Nyquist – Non-Public Arbitrator, Presiding Chair
Guy S. Sassanfar – Non-Public Arbitrator
Michael L. Weiner, JD - Non-Public Arbitrator

Concurring Arbitrators:

James Nyquist
Non-Public Arbitrator, Presiding Chair

Signature Date

Guy S. Sassanfar
Non-Public Arbitrator

Signature Date

Michael L. Weiner, JD
Non-Public Arbitrator

Signature Date

6/8/05

Date of Service (NASD use only)

Respondent, Joel Pearson, is liable for:

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Non-Public Arbitrator, Presiding Chair

6-08-05
Signature Date

Guy S. Sassanfar
Non-Public Arbitrator

Signature Date

Michael L. Weiner, JD
Non-Public Arbitrator

Signature Date

6/8/05
Date of Service (NASD use only)

NASD Dispute Resolution
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NASD Dispute Resolution
Arbitration No. 03-05052
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