

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

The Joseph C. Verdone Declaration of Trust,
Joseph C. Verdone, TTEE

and

Case Number: 03-05991
Hearing Site: Chicago, Illinois

Name of Respondent

H&R Block Financial Advisors, William Clayton Stroup,
and Lucas C. Johnson

NATURE OF DISPUTE

Claimant v. Member and Associated Persons.

REPRESENTATION OF PARTIES

The Joseph C. Verdone Declaration of Trust, Joseph C. Verdone, TTEE ("Claimant"), was represented by John A. Dienner, III, Esq., of Kubasiak, Fylstra, Reizen & Rotunno, located in Chicago, Illinois.

Respondents H&R Block Financial Advisors ("H&R Block"), and Lucas C. Johnson ("Johnson") were represented by David T. Doyle, Esq., of H&R Block Financial Advisors, Inc., located in Detroit, Michigan.

Respondent William Clayton Stroup was pro se and did not appear at the hearing.

CASE INFORMATION

The Statement of Claim was filed on or about August 19, 2003. The Submission Agreement of Claimant was signed on or about August 14, 2003.

On January 9, 2004 the Claimant filed a Motion for Entry of Default Judgment against Clayton Stroup.

A joint Statement of Answer was filed by H&R Block and Lucas Johnson on November 20, 2003. H&R Block and Lucas Johnson signed Uniform Submission Agreements on September 10, 2003.

Respondent William Clayton Stroup did not file a Statement of Answer or a Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: violations of Rule 10(b) and 10(b)-5 of the Exchange Act; violations of Illinois Consumer Fraud and Deceptive Practices Act; common law fraud; and common law negligence.

Claimant's causes of action are in connection with the purchase of equity securities and AT&T Canada class B debentures.

Unless specifically admitted in Their Joint Statement of Answer, Respondents H& R Block and Johnson denied the allegations made in the Statement of Claim and asserted affirmative defenses, including but not limited to the following: there is no private right of action for a violation of SRO rules; HRBFA employees acted upon the Claimant's express directions and properly effected his transactions; and Claimant's causes of action are barred by the equitable doctrines of waiver, estoppel, ratification and laches.

RELIEF REQUESTED

Claimant requested an award in the amount of \$212,243.00 in compensatory damages. Claimant also requested an award of punitive damages in the amount of \$25,000.00, pre-judgment and post-judgment interest and attorneys' fees.

Respondents requested that the claims asserted against them be denied in their entirety. Respondent set forth affirmative defenses including but not limited to the following: there is no private right of action for a violation of SRO rules; HRBFA employees acted upon the Claimant's express directions and properly effected his transactions; and Claimant's causes of action are barred by the equitable doctrines of waiver, estoppel, ratification and laches.

OTHER ISSUES CONSIDERED & DECIDED

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 original(s) remain on file with NASD Dispute Resolution ("NASD").

Respondent William Clayton Stoup 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 is bound by the decisions of the of the arbitration panel on all issues submitted.

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent, and William Clayton Stroup has been properly served with the Statement of Claim pursuant to Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent, William Clayton Stroup has received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

The Panel granted the Motion for Default Judgment against Clayton Stroup on all counts.

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. Respondents Clayton Stroup and H&R Block Financial Advisors, Inc., are liable for and shall pay to Claimant Joseph C. Verdone Declaration of Trust, Joseph C. Verdone, TTEE, the sum of \$119,000.00 in compensatory damages plus interest at rate of 6% which shall begin to accrue on January 1, 2003 and shall cease to accrue on the date that the award is served;
2. Respondent H&R Block Financial Advisors, Inc. shall be liable for reasonable attorneys' fees to Claimant Joseph C. Verdone Declaration of Trust, Joseph C. Verdone, TTEE in the amount of \$20,525.00. The authority for attorneys' fees is Section 505/10a (c) of the Illinois Consumer Fraud Act;
3. Claimant's claims against Respondent Lucas Johnson are dismissed with prejudice;
4. That other than forum fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and,
5. That any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied with prejudice.

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
(waived)

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 H&R Block Financial Advisors.

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

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 arbitrator(s), including a pre-hearing conference with the arbitrator, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing session with the Panel x \$1,125.00 = \$2,250.00
Pre-hearing conference: April 14, 2004 1 session
September 9, 2004 1 session

Two (2) Hearing sessions x \$1,125.00 = \$2,250.00
Hearing Dates: November 15, 2004 2 sessions

Total Forum Fees = \$4,500.00

The Arbitration Panel has assessed \$ 4,500.00 of the forum fees to Respondents H&R Block and William Clayton Stroup jointly and severally.

Fee Summary

Claimant, The Joseph C. Verdone Declaration of Trust, Joseph C. Verdone, TTEE
is liable for:

Initial Filing	= \$300.00(waived)
Total Fees	= \$300.00(waived)
Less payments	= \$.00
Balance due to NASD Dispute Resolution	= \$.00

Respondent H&R Block Financial Advisors, is liable solely for:

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 5,200.00

Balance due to NASD Dispute Resolution = \$.00

Respondents H&R Block Financial Advisors and William Clayton Stoup are jointly and severally liable :

Forum Fees	= \$ 4,500.00
Total Fees	= \$ 4,500.00
Less Payments	= \$.00
Balance due to NASD Dispute Resolution	= \$ 4,500.00

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

ARBITRATION PANEL

Stuart D. Summers -Public Arbitrator, Presiding Chairperson
Arne R. Rode, Esq. -Public Arbitrator
Elizabeth C. Simon - Non-Public Arbitrator

Concurring Arbitrators:

Stuart D. Summers
Public Arbitrator, Presiding Chair

Signature Date

Arne R. Rode, Esq.
Public Arbitrator

Signature Date

Elizabeth C. Simon
Non-Public Arbitrator

Signature Date

December 17, 2004
Date of Service (For NASD office use only)

NASD Dispute Resolution
Arbitration No. 03-05881
Award Page 5 of 6

Initial Filing	= \$300.00(waived)
Total Fees	= \$300.00(waived)
Less payments	= \$.00
Balance due to NASD Dispute Resolution	= \$.00

Respondent H&R Block Financial Advisors, is liable solely for:

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 5,200.00
Balance due to NASD Dispute Resolution	= \$.00

Respondents H&R Block Financial Advisors and William Clayton Stoup are jointly and severally liable :

Forum Fees	= \$ 4,500.00
Total Fees	= \$ 4,500.00
Less Payments	= \$.00
Balance due to NASD Dispute Resolution	= \$ 4,500.00

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Stuart D. Summers -Public Arbitrator, Presiding Chairperson
Arne R. Rode, Esq. -Public Arbitrator
Elizabeth C. Simon - Non-Public Arbitrator

Concurring Arbitrators:

Stuart D. Summers

Stuart D. Summers
Public Arbitrator, Presiding Chair

Dec 16, 2004

Signature Date

Arne R. Rode, Esq.
Public Arbitrator

Signature Date

Elizabeth C. Simon
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution
Arbitration No. 03-05691
Award Page 5 of 6

Initial Filing	= \$300.00(waived)
Total Fees	= \$300.00(waived)
Less payments	= \$.00
Balance due to NASD Dispute Resolution	= \$.00

Respondent H&R Block Financial Advisors, is liable solely for:

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 5,200.00
Balance due to NASD Dispute Resolution	= \$.00

Respondents H&R Block Financial Advisors and William Clayton Stoup are jointly and severally liable :

Forum Fees	= \$ 4,500.00
Total Fees	= \$ 4,500.00
Less Payments	= \$.00
Balance due to NASD Dispute Resolution	= \$ 4,500.00

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

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Arne R. Rode, Esq. -Public Arbitrator
Elizabeth C. Simon - Non-Public Arbitrator

Concurring Arbitrators:

Stuart D. Summers
Public Arbitrator, Presiding Chair

Signature Date



Arne R. Rode, Esq.
Public Arbitrator

12/16/04
Signature Date

Elizabeth C. Simon
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution
Arbitration No. 03-05991
Award Page 5 of 5

Initial Filing	= \$300.00(waived)
Total Fees	= \$300.00(waived)
Less payments	= \$.00
Balance due to NASD Dispute Resolution	= \$.00

Respondent H&R Block Financial Advisors, is liable solely for:

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 5,200.00
Balance due to NASD Dispute Resolution	= \$.00

Respondents H&R Block Financial Advisors and William Clayton Stoup are jointly and severally liable :

Forum Fees	= \$ 4,500.00
Total Fees	= \$ 4,500.00
Less Payments	= \$.00
Balance due to NASD Dispute Resolution	= \$ 4,500.00

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

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Stuart D. Summers -Public Arbitrator, Presiding Chairperson

Arne R. Rode, Esq. -Public Arbitrator

Elizabeth C. Simon - Non-Public Arbitrator

Concurring Arbitrators:

Stuart D. Summers
Public Arbitrator, Presiding Chair

Signature Date

Arne R. Rode, Esq.
Public Arbitrator

Signature Date

Elizabeth C. Simon
Non-Public Arbitrator

12/16/04

Signature Date