
**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimant
Louisiana Sheriffs' Association

Case Number: 03-08453

Names of the Respondents
Vanguard Capital, Inc.
Feltus Barrow McKowen
Brian Zaid
Jeffrey L. Richardson

Hearing Site: New Orleans, Louisiana

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For Louisiana Sheriffs' Association, hereinafter referred to as "Claimant": Bruce V. Schewe, Esq. and Brent B. Barriere, Esq. Phelps Dunbar, L.L.P., New Orleans, Louisiana.

For Respondent Vanguard Capital, Inc. ("Vanguard") and Brian Zaid ("Zaid"): Thomas K. Potter, III, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., New Orleans, Louisiana.

Jeffrey L. Richardson ("Richardson") appeared *pro se*.

Feltus Barrow McKowen ("McKowen") appeared *pro se*.

CASE INFORMATION

Statement of Claim was filed on or about: November 26, 2003.

Claimant signed the Uniform Submission Agreement: November 17, 2003.

Respondents Vanguard, McKowen and Zaid's Answer to Statement of Claim was filed on or about: April 26, 2004.

Respondent Vanguard signed the Uniform Submission Agreement on: September 9, 2004.

Respondent Zaid signed the Uniform Submission Agreement on: September 8, 2004.

Claimant's Motion for the Panel's Leave to Amend Its Statement of Claim filed on or about: November 9, 2004.

Claimant's Amended Statement of Claim was filed on or about: November 9, 2004.

Claimant's Request to File Second Amended Statement of Claim was filed on or about: June 3, 2005.

Claimant's Second Amended Statement of Claim was filed on or about June 3, 2005.

Respondent Richardson's Answer to Statement of Claim was filed on or about: June 15, 2005.

Motion to Sever for Purpose of Immediate Expungement filed by Respondent Richardson on or about: June 6, 2006.

Respondents McKowen and Richardson did not submit executed Uniform Submission Agreements.

CASE SUMMARY

In its original Statement of Claim, Amended Statement of Claim and the Second Amended Statement of Claim, Claimant asserted against Respondents Vanguard, Zaid, and Richardson the following claims: (1) unsuitable trading; (2) unauthorized trading; (3) excessive trading; (4) improper mutual fund sales practices; (5) negligent and intentional misrepresentations and omissions; (6) failure to supervise; (7) breach of fiduciary duty; (8) violation of NYSE Rule 405; (9) violation of NASD Rule 2310; (10) breach of contract; (11) negligence; (12) violation of Louisiana Revised Statute § 51:712; and (13) various other violations of state and federal securities laws.

In their Answer, Respondents Vanguard and Zaid denied all wrongdoing and asserted the following affirmative defenses: (1) any applicable statutes of limitations and/or repose; (2) estoppel; (3) ratification and/or acquiescence; (4) failure to exercise due care or reasonable due diligence in connection with the transactions; (5) misrepresentation of financial goals and objectives; (6) lack of causation; (7) failure to mitigate; (8) lack of control over non-discretionary accounts; and (9) actual or apparent authority.

In his Answer, Respondent Richardson denied all wrongdoing and asserted the following affirmative defenses: (1) failure to state a claim; (2) any applicable statutes of limitations; (3) laches; (4) estoppel; (5) consent, ratification and/or acquiescence; (6) unclean hands; (7) in pari delicto; (8) fault of others; (9) fault of claimant; (10) failure to exercise reasonable care and mitigate damages; (11) no right to attorneys' fees; (12) no right to punitive damages; (13) damages are limited to actual damages; (14) failure to allege fraud with particularity; (15) bad faith; (16) justification, excuse, and privilege; (17) comparative negligence and indemnity; (18) offset; (19) intervening and superseding causes; (20) waiver; (21) assumption of the risk; (22) no continuing responsibility; (23) no private right of action under NASD rules; and (24) res judicata, collateral estoppel, and lack of standing.

RELIEF REQUESTED

Claimant requested: 1) compensatory damages in the amount of \$19,000,000.00 against Respondents Vanguard, Zaid and Richardson for realized losses; 2) compensatory damages in the amount of \$3,000,000.00 against Respondent Vanguard for fees and commissions; 3) compensatory damages in the amount of \$9,000,000.00 against Respondents Vanguard, Zaid and Richardson for reasonable rate of return; 4) punitive damages in the amount of \$6,000,000.00; 5) attorneys' fees; 6) costs; and 7) other general and equitable relief based on the factual circumstances.

Respondents Vanguard and Zaid requested that the Panel: 1) dismiss, with prejudice, the Statement of Claim in its entirety; 2) assess all costs and forum fees against the Claimant; and 3) award such general and equitable relief as the Panel deems just under the circumstances.

Respondent Richardson requested that the Panel: 1) dismiss the Statement of Claim in its entirety; and 2) award such other relief as the Panel deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Richardson did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and having answered is bound by the determination of the Panel on all issues submitted.

On or about November 9, 2004, the Panel entered an order granting the Claimant's Motion for the Panel's Leave to Amend Its Statement of Claim.

On or about November 9, 2004, Claimant voluntarily dismissed, without prejudice, all claims against Respondent Zaid and reserved its right to re-assert those claims.

On or about June 23, 2005, the Panel entered an order granting Claimant's Request to file a Second Amended Statement of Claim.

On or about May 4, 2006, the Claimant informed NASD Dispute Resolution that it had entered into a settlement agreement with respect to all Respondents excluding Respondent McKowen. On or about May 5, 2006, Claimant filed a Motion for Default Judgment against Respondent McKowen.

On or about May 18, 2006, Claimant and Respondent Vanguard filed with NASD Dispute Resolution a Joint Motion to Enter a Stipulated Award for the expungement of all references to Respondents Zaid and Richardsons' registration records maintained by the NASD Central Registration Depository ("CRD").

On or about June 6, 2006, Respondent Richardson filed a Motion to Sever for Purpose of Immediate Expungement and a proposed Stipulated Award.

On or about July 3, 2006, upon notice of the bankruptcy, Respondent Richardson withdrew its Motion to Sever for Purpose of Immediate Expungement.

On or about July 3, 2006, Respondent McKowen submitted his Notice of Case under Chapter 7 of the United States Bankruptcy Code. Pursuant to the automatic stay, Claimant's Motion for Default Judgment and claims are stayed as to Respondent McKowen. The Panel made no determination with respect to the claims asserted against Respondent McKowen.

On or about August 21, 2006, the Panel heard oral argument by Respondents Vanguard, Zaid and Richardson regarding their requests for expungement.

On or about August 22, 2006, the Panel granted the requests for expungement.

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.

AWARD

Pursuant to the parties' agreement, and after consideration of the parties' submissions,

representations and oral argument, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. All claims against Respondents Vanguard, Zaid and Richardson are hereby dismissed with prejudice.
2. All parties shall bear their respective costs and expenses, including attorneys' fees, incurred in this matter.
3. The Panel recommends the expungement of all references to the above captioned arbitration from Respondents Vanguard's Zaid's and Richardson's registration records maintained by CRD, with the understanding that pursuant to NASD Notice to Members 99-09, Respondents Vanguard, Zaid and Richardson must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. All parties expressly reserve their claims and/or rights as against McKowen. Accordingly, this Stipulated Award shall not affect any parties' claims and/or rights as against McKowen. As to all other parties, any and all relief not specifically addressed herein, including attorneys' fees, punitive damages and costs is denied and all claims are dismissed 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	= \$ 600.00
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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, Respondent Vanguard is a party and a member firm.

Member surcharge	= \$ 3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,500.00
Total Member Fees	= \$10,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournment fees requested during these proceedings for which fees were assessed.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

There were no three-day cancellation fees assessed during these proceedings.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

There were no injunctive relief fees assessed during these proceedings.

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:

One (1) Pre-hearing session with one arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: April 14, 2005 1 session	

Three (3) Pre-hearing sessions with the Panel @ \$1,200.00/session	= \$3,600.00
Pre-hearing conferences: August 5, 2004 1 session	
November 3, 2004 1 session	
August 21, 2006 1 session	

Total Forum Fees	= \$4,050.00
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The Panel has waived the assessment of all forum fees.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 600.00
Total Fees	= \$ 600.00
Less Payments	= \$ 600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Vanguard is solely liable for:

Member Fees	= \$10,000.00
Total Fees	= \$10,000.00
Less payments	= \$10,000.00
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

William P. Bryan III, J.D.	-	Public Arbitrator, Presiding Chairperson
Linda A. Liljedahl, Esq.	-	Public Arbitrator
John C. Anjier, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

_____/s/_____
William P. Bryan III, J.D.
Public Arbitrator, Presiding Chairperson

August 24, 2006
Signature Date

_____/s/_____
Linda A. Liljedahl, Esq.
Public Arbitrator

August 24, 2006
Signature Date

John C. Anjier, Esq.
Non-Public Arbitrator

Signature Date

August 29, 2006
Date of Service (For NASD Dispute Resolution office use only)

Respondent Vanguard is solely liable for:

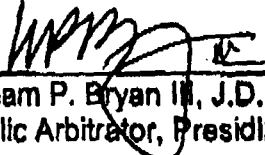
<u>Member Fees</u>	= \$10,000.00
<u>Total Fees</u>	= \$10,000.00
<u>Less payments</u>	= \$10,000.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

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

ARBITRATION PANEL

William P. Bryan III, J.D.	-	Public Arbitrator, Presiding Chairperson
Linda A. Liljedahl, Esq.	-	Public Arbitrator
John C. Anjier, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



William P. Bryan III, J.D.
Public Arbitrator, Presiding Chairperson

24 AUG 06

Signature Date

Linda A. Liljedahl, Esq.
Public Arbitrator

Signature Date

John C. Anjier, Esq.
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

Respondent Vanguard is solely liable for:

Member Fees	= \$10,000.00
Total Fees	= \$10,000.00
Less payments	= \$10,000.00
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

William P. Bryan III, J.D.	-	Public Arbitrator, Presiding Chairperson
Linda A. Liljedahl, Esq.	-	Public Arbitrator
John C. Anjier, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

William P. Bryan III, J.D.
Public Arbitrator, Presiding Chairperson

Signature Date



Linda A. Liljedahl, Esq.
Public Arbitrator

24 August 2006

Signature Date

John C. Anjier, Esq.
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

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Respondent Vanguard is solely liable for:

<u>Member Fees</u>	= \$10,000.00
<u>Total Fees</u>	= \$10,000.00
<u>Less payments</u>	= \$10,000.00
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

William P. Bryan III, J.D.	-	Public Arbitrator, Presiding Chairperson
Linda A. Liljedahl, Esq.	-	Public Arbitrator
John C. Anjier, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

William P. Bryan III, J.D.
Public Arbitrator, Presiding Chairperson

Signature Date

Linda A. Liljedahl, Esq.
Public Arbitrator

Signature Date



John C. Anjier, Esq.
Non-Public Arbitrator

8/28/05

Signature Date

Date of Service (For NASD Dispute Resolution office use only)