

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Joyce Gladstone

Case Number: 04-00040

Names of the Respondents

Raymond Melcher

State Farm Mutual Auto Insurance Company

State Farm Fire & Casualty Company

State Farm Life Insurance Company

State Farm General Insurance Company

Hearing Site: Washington, D.C.

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

REPRESENTATION OF PARTIES

Claimant, Joyce Gladstone, hereinafter referred to as "Claimant", was represented by William P. Tedards, Jr., Esq., Attorney at Law, Washington, D.C.

Respondents, Raymond Melcher ("Melcher"), State Farm Mutual Auto Insurance Company ("SFMAIC"), State Farm Fire & Casualty Company ("SFFCC"), State Farm Life Insurance Company ("SFLIC"), and State Farm General Insurance Company ("SFGIC"), hereinafter collectively referred to as "Respondents", were represented by Paul S. Reichler, Esq., Foley, Hoag, LLP, Washington, D.C.

CASE INFORMATION

Statement of Claim filed on December 31, 2003.

William P. Tedards, Jr., Esq. signed the Uniform Submission Agreement as Power of Attorney for Claimant on January 2, 2004.

Statement of Answer filed by Respondents on April 8, 2004.

Respondents did not file Uniform Submission Agreements.

CASE SUMMARY

Claimant asserted the following causes of action, among others: breach of contract, detrimental reliance/equitable estoppel, and fraud. The causes of action relate to Claimant's employment with the State Farm companies.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the

Statement of Claim and asserted the following defenses, among others: Claimant's claims are barred by the statute of limitations; the complaint fails to state a claim upon which relief may be granted; Claimant's claims are barred by the doctrines of laches, estoppel, ratification, and unclean hands; failure to mitigate damages; and, to the extent that Claimant seeks punitive damages, it violates the Excessive Fines Clause of the Eighth Amendment and the Due Process Clause of the Fifth Amendment of the United States Constitution.

RELIEF REQUESTED

Claimant in her Statement of Claim requested:

Compensatory Damages	\$2,927,891.00
Punitive Damages	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Melcher did not file with NASD Dispute Resolution, a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Arbitration Panel (the "Panel").

Claimant and the State Farm Respondents have a pre-dispute agreement to arbitrate.

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 post-hearing the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. All claims against Respondents are denied in their entirety;
2. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and
3. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

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 = \$ 500.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person(s) at the time of the events giving rise to the dispute. Accordingly, State Farm VP Management Corporation ("SFVPMC") is the Associated Persons' employing firm.

Member surcharge = \$2,800.00

Pre-hearing process fee = \$ 750.00

~~Hearing process fee = \$5,000.00~~

Total Member Fees = \$8,550.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

March 7-11, 2005 adjournment by Respondents = \$ 1,200.00

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:

Two (2) Pre-hearing session/s with Panel @ \$1,200.00 = \$ 2,400.00

Pre-hearing conferences: August 26, 2004 1 session

October 20, 2004 1 session

Eight (8) Hearing sessions @ \$1,200.00 = \$ 9,600.00

Hearing Dates: March 21, 2005 2 sessions

March 22, 2005 2 sessions

March 23, 2005 2 sessions

March 24, 2005 2 sessions

Total Forum Fees = \$12,000.00

1. The Panel has assessed \$6,000.00 of the forum fees to Claimant.

2. The Panel has assessed \$6,000.00 of the forum fees jointly and severally to Respondents.

SEE SUMMARY

1. Claimant is assessed and shall pay the following fees:

Initial Filing Fee = \$ 500.00

Forum Fees = \$6,000.00

Total Fees = \$6,500.00

Less payments = \$1,800.00

Balance Due NASD Dispute Resolution = \$4,700.00

2. Respondents are jointly and severally assessed and shall pay the following fees:

Forum Fees	= \$6,000.00
<u>Adjournment Fees</u>	<u>= \$1,200.00</u>
Total Fees	= \$7,200.00
<u>Less payments</u>	<u>= \$1,200.00</u>
Balance Due NASD Dispute Resolution	= \$6,000.00

4. SFVPMC is assessed and shall pay the following fees:

<u>Member Fees</u>	<u>= \$8,550.00</u>
Total Fees	= \$8,550.00
<u>Less payments</u>	<u>= \$8,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 00.00


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

ARBITRATION PANEL

Maurice R. Dunie, Esq.	-	Public Arbitrator, Presiding Chairperson
Alan S. Carmel, Esq.	-	Public Arbitrator, Panelist
Richard A. Purkiss	-	Non-Public Arbitrator, Panelist

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Concurring Arbitrators' Signatures



Maurice R. Dunie, Esq
Public Arbitrator, Presiding Chairperson

April 5, 2005
Signature Date

Alan S. Carmel, Esq
Public Arbitrator, Panelist

Signature Date

Richard A. Purkiss
Non-Public Arbitrator, Panelist

Signature Date

04/05/05
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

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Concurring Arbitrators' Signatures

Maurice R. Dunne, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date


Alan S. Carmel, Esq.
Public Arbitrator, Panelist

4/5/05
Signature Date

Richard A. Purkiss
Non-Public Arbitrator, Panelist

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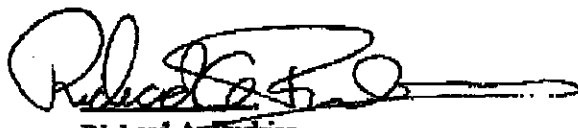
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Signature Date

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Public Arbitrator, Panelist

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Non-Public Arbitrator, Panelist

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