
Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Charles J. and France B. Hollis

Case Number: 04-00562

Names of the Respondents

American General Securities, Inc.
Allstate Financial Services, Inc.
Leroy Jack Smith

Hearing Site: Mobile, Alabama

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

REPRESENTATION OF PARTIES

For Charles J. and France B. Hollis, hereinafter collectively referred to as "Claimants": Sidney W. Jackson, III, Esq. and Matthew B. Richardson, Esq., Jackson, Foster & Graham, LLC, Mobile, Alabama.

For Respondent American General Securities, Inc., ("AGSI"): John N. Bolus, Esq. and Kip A. Nesmith, Esq., Maynard Cooper & Gale, P.C., Birmingham, Alabama.

For Respondent Allstate Financial Services, Inc., ("Allstate"): Charles D. Stewart, Esq., Spain & Gillon, LLC, Birmingham, Alabama.

For Respondent Leroy Jack Smith, ("Smith"): E. Britton Monroe, Esq. and Mickey B. Wright, Esq., Lloyd, Gray & Whitehead, P.C., Birmingham, Alabama.

CASE INFORMATION

Statement of Claim filed on or about: January 26, 2004.

Claimants signed the Uniform Submission Agreements: January 24, 2004.

Statement of Answer filed by Respondent Smith on or about: May 10, 2004.

Respondent Smith signed the Uniform Submission Agreement: April 1, 2004.

Statement of Answer filed by Respondent Allstate on or about: May 11, 2004.

Respondent Allstate signed the Uniform Submission Agreement: May 11, 2004.

Statement of Answer filed by Respondent AGSI on or about: May 11, 2004.

Respondent AGSI signed the Uniform Submission Agreement: July 2, 2004.

[Unopposed] Motion to Have Hearing Take Place in Mobile, Alabama filed by Claimants on or about: November 4, 2004.

Motion for Summary Adjudication filed by Respondent AGSI on or about: November 15, 2004.

Motion for Summary Adjudication filed by Respondent Smith on or about: November 15, 2004.

Motion and Brief in Support of Summary Judgment filed by Respondent Allstate on or about: November 15, 2004.

Response in Opposition to Respondents' [respective] Motions for Summary Judgment/Adjudication filed by Claimants on or about: November 29, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: fraud, breach of fiduciary duty, violation of the Alabama Securities Act, recommendation of unsuitable investments, failure to supervise, negligence and wantonness, investing without authority, suppression and deceit. The causes of action relate to, among other things, Claimants' investments in two Flexible Deferred Premium Annuity Contracts issued by Allstate Life Insurance Company.

Unless specifically admitted in their Answers, Respondents AGSI, Smith and Allstate denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested out-of-pocket damages of \$267,660.00, compensatory damages for emotional distress, punitive damages, interest, costs and attorneys' fees.

Respondent Allstate requested that the Statement of Claim be dismissed, with prejudice, and that it be reimbursed its attorney's fees and costs.

Respondent Smith requested that the Statement of Claim be dismissed with prejudice, that the Panel award Respondent Smith his attorneys' fees and litigation costs, and that the Panel expunge all references to this matter from his NASD Central Registration Depository ("CRD") records.

Respondent AGSI requested that the Statement of Claim be dismissed in its entirety, that all cost and forum fees be assessed to Claimants, and that the Panel award such other relief as deemed just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Allstate is a non-member of NASD. Respondent Allstate submitted to arbitration having filed a Statement of Answer and executed Uniform Submission Agreement. Therefore, Respondent Allstate is bound by all determinations made by the Panel.

On or about November 15, 2004, the Panel issued an Order granting Claimants' unopposed Motion to Have Hearing Take Place in Mobile, Alabama.

Respondent Allstate filed a Motion and Brief in Support of Summary Judgment, which asserted that Allstate did not recommend the annuities at issue and did not offer Claimants any investment advice. Respondent AGSI filed a Motion for Summary Adjudication, which asserted, among other things, that Claimants' claim fails as a matter of law. Respondent Smith filed a Motion for Summary Adjudication, which asserted, among other things, that Claimants' allegations in the Statement of Claim are false and that Respondent Smith did not make any investments on behalf of Claimants without their consent. In their response, Claimants asserted, among

other things, that there is a genuine issue of material fact and that summary judgment would be improper as a matter of law. On or about December 17, 2004, the Panel issued an Order denying Respondents' Smith's and AGSI's respective Motions for Summary Adjudication and dismissing Respondent Allstate from this matter, without prejudice.

On or about January 24, 2005, Claimants and Respondent Allstate filed with NASD Dispute Resolution a Joint Stipulation of Dismissal with Prejudice of Respondent Allstate, and a proposed Order Dismissing Allstate Financial Services, Inc., with Prejudice, which was executed by the Panel on April 22, 2005.

On or about February 17, 2005, the parties filed with NASD Dispute Resolution a notice of settlement.

On or about March 24, 2005, the parties filed with NASD Dispute Resolution a Joint Stipulation to Award Dismissal with Prejudice of all Claims asserted by Claimants against Respondent Smith, and a proposed Stipulated Award for review and approval by the Panel.

The parties agreed that the Stipulated Award in this matter may be executed in counterpart copies.

AWARD

After considering the pleadings and the proposed Stipulated Award submitted by the parties, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Claimants' claims against Respondent Allstate are dismissed in their entirety, with prejudice.

Claimants' claims against Respondent AGSI are dismissed in their entirety, with prejudice, based on the settlement reached between the parties.

Claimants' claims against Respondent Smith are dismissed in their entirety, with prejudice.

The Panel recommends that all references to the above-captioned arbitration be expunged from Respondent Smith's registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Smith must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Each party shall bear their respective attorneys' fees, forum fees and other expenses incurred. The parties are to share equally any fees and expenses assessed by NASD Dispute Resolution in this arbitration that have not been paid.

Any and all claims for relief not specifically addressed herein are denied and dismissed with prejudice.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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

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. Accordingly, Respondent AGSI is a member firm and a party:

Member surcharge = \$1,700.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$2,750.00

Total Member Fees = \$5,200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were assessed in this matter.

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.

February 21-25, 2005, settled = \$ 300.00

Pursuant to the parties' agreement, the Panel has assessed the three-day cancellation fee as follows:

\$ 100.00 to Claimants, jointly and severally

\$ 100.00 to Respondent AGSI

\$ 100.00 to Respondent Smith

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 Arbitrator.

No injunctive relief fees were incurred in this matter.

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 the Panel @ \$1,125.00/session	= \$ 3,375.00
Pre-hearing conferences: August 2, 2004	1 session
November 15, 2004	1 session
December 17, 2004	1 session

One (1) Pre-hearing session with a single arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: January 28, 2005	1 session

Total Forum Fees	= \$ 3,825.00
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Pursuant to the parties' agreement, the Panel has assessed forum fees as follows:

\$ 1,275.00 to Claimants, jointly and severally
\$ 1,275.00 to Respondent AGSI
\$ 1,275.00 to Respondent Smith

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 not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred in this matter.

FEE SUMMARY

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 1,275.00
Three-Day Cancellation Fee	= \$ 100.00
Total Fees	= \$ 1,675.00
Less payments	= \$ 1,675.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent AGSI is solely liable for:

Member Fees	= \$ 5,200.00
Forum Fees	= \$ 1,275.00
Three-Day Cancellation Fee	= \$ 100.00
Total Fees	= \$ 6,575.00
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 1,375.00

Respondent Smith is solely liable for:

Forum Fees	= \$ 1,275.00
<u>Three-Day Cancellation Fee</u>	= \$ 100.00
Total Fees	= \$ 1,375.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,375.00

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

ARBITRATION PANEL

Edward J. Gay, III, Esq.	-	Public Arbitrator, Presiding Chairperson
Chris Martin, Esq.	-	Public Arbitrator
Cheryl D. Cassreino	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Edward J. Gay, III, Esq.
Public Arbitrator, Presiding Chairperson

May 4, 2005
Signature Date

/s/
Chris Martin, Esq.
Public Arbitrator

May 5, 2005
Signature Date

/s/
Cheryl D. Cassreino
Non-Public Arbitrator

May 6, 2005
Signature Date

May 11, 2005
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

Arbitration No. 04-00562

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Forum Fees	= \$ 1,275.00
Three-Day Cancellation Fee	= \$ 100.00
Total Fees	= \$ 1,375.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,375.00

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Edward J. Gay, III, Esq.
Public Arbitrator, Presiding Chairperson

05/04/2005
Signature Date

Chris Martin, Esq.
Public Arbitrator

Signature Date

Cheryl D. Cassreino
Non-Public Arbitrator

Signature Date

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NASD Dispute Resolution

Arbitration No. 04-00562

Stipulated Award Page 6

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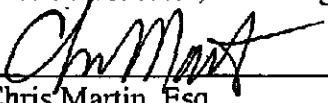
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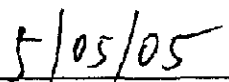
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Edward J. Gay, III, Esq.
Public Arbitrator, Presiding Chairperson



Chris Martin, Esq.
Public Arbitrator

Signature Date



Signature Date

Cheryl D. Cassreino
Non-Public Arbitrator

Signature Date

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

Forum Fees	= \$ 1,275.00
<u>Three-Day Cancellation Fee</u>	= \$ 100.00
Total Fees	= \$ 1,375.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,375.00

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Cheryl D. Cassreino	-	Non-Public Arbitrator

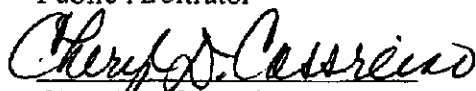
Concurring Arbitrators' Signatures

Edward J. Gay, III, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Chris Martin, Esq.
Public Arbitrator

Signature Date


Cheryl D. Cassreino
Non-Public Arbitrator

5/6/05
Signature Date

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