

**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Virginia Jensen, Claimant v. ReliaStar Life Insurance Company, WM Financial Services, Inc.,  
and Jimi Singh Sidhu, Respondents

ReliaStar Life Insurance Company, Cross-Claimant v. WM Financial Services, Inc., Cross-  
Respondent

Case Number: 04-03237

Hearing Site: Los Angeles, California

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

**REPRESENTATION OF PARTIES**

For Claimant Virginia Jensen:

William Rehwald, Esq.  
Lawrence M. Glasner, Esq.  
Daniel R. Chaleff, Esq.  
Rehwald Rameson Lewis &  
Glasner  
Woodland Hills, California

For Respondent  
ReliaStar Life Insurance Company:

S. Benjamin Rozwood, Esq.  
Amy J. Longo, Esq.  
O'Melveny & Myers LLP  
Los Angeles, California

For Respondents  
WM Financial Services, Inc. and  
Jimi Singh Sidhu:

Frank Kaplan, Esq.  
Alschuler, Grossman, Stein &  
Kahan, LLP  
Santa Monica, California

### **CASE INFORMATION**

Statement of Claim filed: April 28, 2004

Claimant's Uniform Submission Agreement signed: April 16, 2004

Statement of Answer and Cross-Claim filed by Respondent ReliaStar Life Insurance Company:  
August 19, 2004

Respondent ReliaStar Life Insurance Company's Uniform Submission Agreement signed:  
July 9, 2004

Joint Statement of Answer to Statement of Claim filed by Respondents WM Financial Services,  
Inc. and Jimi Singh Sidhu: September 30, 2004

Statement of Answer to Cross-Claim filed by Respondents WM Financial Services, Inc.:  
September 30, 2004

Respondent WM Financial Services, Inc.'s Uniform Submission Agreement signed:  
August 3, 2004

### **CASE SUMMARY**

*Claimant alleged breach of fiduciary duty, unsuitability, fraud, negligent misrepresentation, negligence, elder abuse, and failure to supervise. Claimant's allegations involved the purchase and subsequent cancellation of a Hartford Director variable annuity and switch to a ReliaStar Life Insurance Company variable universal life policy.*

Respondents WM Financial Services, Inc. and Jimi Singh Sidhu denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim and asserted various affirmative defenses.

Respondent ReliaStar Life Insurance Company denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim and asserted various affirmative defenses.

Respondent ReliaStar Life Insurance Company brought a Cross-claim against WM Financial for indemnity.

Cross-Respondent WM Financial denied the allegations of wrongdoing set forth in ReliaStar Life Insurance Company's Cross-Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

Claimant requested \$189,000.00 in compensatory damages, \$250,000.00 in punitive damages, and costs, including attorney's fees.

Respondents WM Financial Services, Inc. and Jimi Singh Sidhu requested dismissal of the Claimant's Statement of Claim in its entirety.

Respondent ReliaStar Life Insurance Company requested dismissal of the Claimant's Statement of Claim in its entirety and costs, including attorney's fees.

Cross-Claimant ReliaStar Life Insurance Company requested that Cross-Respondent WM Financial Services, Inc. indemnify it against all claims, liabilities and expenses arising from its defense against Claimant's allegations in this arbitration and in a related Superior Court case, including attorney's fees.

Cross-Respondents WM Financial Services, Inc. requested dismissal of the ReliaStar Life Insurance Company's Cross-Claim in its entirety, and costs.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Respondent Jimi Singh Sidhu did not file with the NASD Dispute Resolution a properly executed submission agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, is bound by the determination of the Panel on all issues submitted.

On July 28, 2004, Claimant Virginia Jensen and her counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On August 3, 2004, Respondent WM Financial Services Inc. and Jimi Singh Sidhu and their counsel signed a Waiver Agreement on said Respondent's behalf expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On August 19, 2004, Respondent ReliaStar Life Insurance Company's counsel signed a Waiver Agreement on said Respondent's behalf expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On September 29, 2004, the parties stipulated that Donald G. Gloisten, Esq., a non-public arbitrator, should serve as the Panel chair.

On February 24, 2005, Claimant Virginia Jensen dismissed with prejudice Respondents ReliaStar Life Insurance Company, WM Financial Services, Inc., and Jimi Singh Sidhu.

On April 6, 2005, Cross-Respondent WM Financial Services, Inc. moved the Panel to preclude ReliaStar Life Insurance Company's witnesses Richard Dieffenbach and Jimi Singh Sidhu. After due deliberation the Panel granted the motion as to Jimi Singh Sidhu but denied the motion as to Richard Dieffenbach.

The parties 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, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Cross-Respondent WM Financial Services, Inc. is liable to and shall pay Cross-Claimant ReliaStar Life Insurance Company the sum of \$20,000.00 in compensatory damages.
- 2) The parties shall bear their respective costs, including attorney's fees.
- 3) All other relief requested and not expressly granted is denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 300.00
Respondent ReliaStar Life Insurance Company's Cross-claim	= \$ 300.00

#### **Member Fees**

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm WM Financial Services, Inc. is a and the following fees are assessed:

Member Surcharge	= \$1,700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	= \$2,750.00
<b>Total Member Fees</b>	<b>= \$5,200.00</b>

#### **Forum Fees and Assessments**

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair or the parties and the Panel. The following fees are assessed:

One (1) Pre-hearing conference session with a single arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: March 31, 2005 1 session	
Three (3) Pre-hearing conference sessions with the Panel @ \$1,125.00/session	= \$3,375.00
Pre-hearing conferences: February 14, 2005 1 session	
February 24, 2005 1 session	
May 6, 2005 1 session	
Two (2) Hearing sessions @ \$1,125.00/session	= \$2,250.00
<u>Hearings:</u> May 10, 2005 2 sessions	
<b>Total Forum Fees</b>	<b>= \$6,075.00</b>

1. The Panel assessed \$3,037.50 of the forum fees to Cross-Claimant ReliaStar Life Insurance Company.
2. The Panel assessed \$3,037.50 of the forum fees to Cross-Respondent WM Financial Services, Inc.

**Fee Summary**

1. Claimant Virginia Jensen is charged with the following fees and costs:

Initial Claim Filing Fee	= \$ 300.00
<u>Less payments</u>	<u>= \$(1,425.00)</u>
<b>Refund Due from NASD Dispute Resolution</b>	<b>= \$(1,125.00)</b>
  
2. Cross-Claimant ReliaStar Life Insurance Company is charged with the following fees and costs:

Cross-Claim Filing Fee	= \$ 300.00
<u>Forum Fees</u>	<u>= \$ 3,037.50</u>
<b>Total Fees</b>	<b>= \$ 3,337.50</b>
<u>Less payments</u>	<u>= \$(1,425.00)</u>
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 1,912.50</b>
  
3. Cross-Respondent WM Financial Services, Inc. is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
<u>Forum Fees</u>	<u>= \$ 3,037.50</u>
<b>Total Fees</b>	<b>= \$ 8,237.50</b>
<u>Less payments</u>	<u>= \$(5,200.00)</u>
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 3,037.50</b>

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

**ARBITRATION PANEL**

**Donald G. Gloisten, Esq.**  
**Chair Royal D. Heisser**  
**Basil Lewis**

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**Non-Public Arbitrator, Presiding**  
**Public Arbitrator**  
**Public Arbitrator**

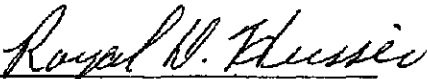
**Concurring Arbitrators' Signatures**



Donald G. Gloisten, Esq.  
Chair, Non-Public Arbitrator



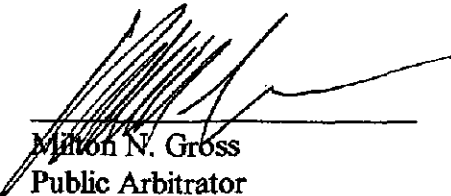
Signature Date




Royal D. Heisser  
Public Arbitrator



Signature Date



Milton N. Gross  
Public Arbitrator



Signature Date

May 10, 2005  
Date of Service