

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

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In the Matter of the Arbitration Between:

Name of the Claimant

Shawn P. McLaughlin

Case Number: 04-07342

Name of the Respondent

Legg Mason Wood Walker, Inc.

Hearing Site: Washington, D.C.

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Nature of the Dispute: Associated Person vs. Member.

**REPRESENTATION OF PARTIES**

Claimant, Shawn P. McLaughlin, hereinafter referred to as "Claimant", was represented by Janet K. DeCosta, Esq., Law Offices of Janet K. DeCosta, Washington, D.C.

Respondent, Legg Mason Wood Walker, Inc., ("Legg Mason"), hereinafter referred to as "Respondent", was represented by Paula D. Shaffner, Esq., and John E. Bisordi, Esq., Saul Ewing, LLP, Philadelphia, Pennsylvania.

**CASE INFORMATION**

Statement of Claim filed on October 15, 2004.

Claimant signed the Uniform Submission Agreement on October 15, 2004.

Claimant filed a Motion to Amend Statement of Claim on March 21, 2005.

Claimant filed a Motion *in Limine* to Exclude Respondent's Expert Witness on August 12, 2005.

Statement of Answer filed by Respondent on December 17, 2004.

A representative of Respondent executed the Uniform Submission Agreement on December 16, 2004.

Respondent filed a Response to the Motion to Amend Statement of Claim on May 20, 2005.

Respondent filed a Response to Claimant's Motion *in Limine* on August 16, 2005.

**CASE SUMMARY**

Claimant asserted the following causes of action, among others: misrepresentation, fraudulent inducement, tortious interference with business expectancy, tortious interference with business relationship, breach of contract, defamation, and unjust enrichment. The causes of action relate to the termination of Claimant's employment contract with Respondent.

Unless specifically admitted in its Statement of Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses, among others: the Statement of Claim fails to state a claim upon which relief may be granted, any loss that Claimant may have suffered was caused by his own conduct or negligence, and Claimant did not reasonably rely on

the actions or inactions of Respondent.

### **RELIEF REQUESTED**

Claimant in his Statement of Claim requested:

Compensatory Damages	\$10,000,000.00
Punitive Damages	amount unspecified
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondent in its Statement of Answer requested dismissal of the claim, that Respondent be awarded costs and expenses, and that Respondent be granted any other relief as is just and proper.

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

On August 31, 2005 Claimant dismissed his claim of defamation.

The Arbitration Panel (the "Panel") granted Claimant's Motion to Amend Statement of Claim on June 1, 2005. The Amended Statement of Claim added a claim for wrongful termination.

The Panel denied Claimant's Motion *in Limine* to Exclude Respondent's Expert Witness.

At the end of Claimant's case in chief, Respondent moved the Panel to dismiss all Claimant's claims. The motion was granted as to the claim of wrongful termination and denied as to all other claims.

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

1. Respondent is liable to and shall pay to Claimant compensatory damages in the amount of \$180,791.81;
2. Respondent shall pay to Claimant the sum of \$91,000.00 as "reasonable attorneys' fees" allowed under Maryland law and principles of equity;
3. All claims for punitive damages are denied in their entirety;
4. The parties shall bear their respective costs, except as Fees are specifically addressed

below; and

5. Any and all relief not specifically addressed herein 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 = \$ 600.00

#### **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, Legg Mason is a party.

Member surcharge	= \$ 3,350.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$ 5,500.00</u>
Total Member Fees	= \$ 9,600.00

#### **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:

One (1) Pre-hearing session with a single arbitrator @ \$450.00	= \$ 450.00
Pre-hearing conference: June 30, 2005 1 session	

One (1) Pre-hearing sessions with Panel @ \$1,200.00	= \$ 1,200.00
Pre-hearing conference: April 25, 2005 1 session	

Twenty-six (26) Hearing sessions @ \$1,200.00	= \$31,200.00
Hearing Dates:	
August 25, 2005	2 sessions
August 26, 2005	2 sessions
August 30, 2005	2 sessions
August 31, 2005	2 sessions
September 7, 2005	2 sessions
September 8, 2005	2 sessions
September 9, 2005	2 sessions
October 17, 2005	2 sessions
October 18, 2005	2 sessions
October 19, 2005	2 sessions
November 4, 2005	2 sessions

December 15, 2005 2 sessions  
December 16, 2005 2 sessions

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Total Forum Fees = \$32,850.00

1. The Panel has assessed \$16,425.00 of the forum fees to Claimant.
2. The Panel has assessed \$16,425.00 of the forum fees to Respondent.

**FEE SUMMARY**

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

Initial Filing Fee	= \$ 600.00
<u>Forum Fees</u>	<u>= \$16,425.00</u>
Total Fees	= \$17,025.00
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$15,225.00

2. Respondent is assessed and shall pay the following fees:

Member Fees	= \$ 9,600.00
<u>Forum Fees</u>	<u>= \$16,425.00</u>
Total Fees	= \$26,025.00
<u>Less payments</u>	<u>= \$ 9,600.00</u>
Balance Due NASD Dispute Resolution	= \$16,425.00

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

**ARBITRATION PANEL**

Lester L. Adams, Esq.	-	Public Arbitrator, Presiding Chairperson
Arlene J.M. Grant, Esq.	-	Public Arbitrator, Panelist
Robert T. Reeves, Esq.	-	Non-Public Arbitrator, Panelist

NASD Dispute Resolution  
Arbitration No. 04-07342  
Award Page 5

**Concurring Arbitrators' Signatures**

  
Lester L. Adams, Esq.

**Lester L. Adams, Esq.**  
**Public Arbitrator, Presiding Chairperson**

12/22/2005  
Signature Date

**Arlene J.M. Grant, Esq.**  
**Public Arbitrator, Panelist**

**Signature Date**

**Robert T. Reeves, Esq.**  
**Non-Public Arbitrator, Panelist**

**Signature Date**

12/27/65

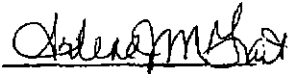
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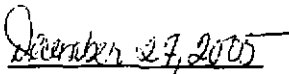
NASD Dispute Resolution  
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Award Page 5

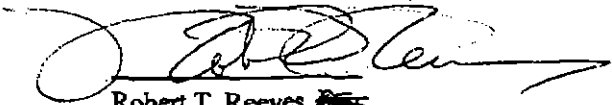
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