

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Clifford R. Sainsbury, Bonnie K. Sainsbury, Evan Sainsbury, Scott Sainsbury, and Clifford Sainsbury, IRA, Claimants v. Ronald H. Mayfield, Respondent

Case Number: 04-07516

Hearing Site: Seattle, Washington

Nature of the Dispute: Customers v. Associated Person

REPRESENTATION OF PARTIES

For Claimants:

Charles A. Cleveland, Esq.
Law Offices of Charles A.
Cleveland, P.S.
Spokane, Washington

C. Matthew Anderson, Esq.
Winston & Cashatt
Spokane, Washington

For Respondent:

James B. King, Esq.
Keefe, King & Bowman, P.S.
Spokane, Washington

CASE INFORMATION

Statement of Claim filed: October 26, 2004

Claimants' Clifford R. Sainsbury, Bonnie K. Sainsbury, Evan Sainsbury, Scott Sainsbury, and Clifford Sainsbury, IRA's Joint Uniform Submission Agreement signed: August 23, 2004

CASE SUMMARY

Claimants asserted the following causes of action: breach of duty of good faith and fair dealing, negligence, breach of fiduciary duty, breach of contract, common law fraud, violation of the Securities Exchange Act and Rule 10b-5 promulgated thereunder, violation of the Washington State Securities Act, unsuitability, and violation of the "know your customer" rules. Claimants' allegations involved the purchase of Metropolitan Mortgage & Securities Company, Inc.'s debentures in their investment accounts and in Clifford R. Sainsbury's IRA account.

RELIEF REQUESTED

Claimants requested \$323,738.28 in compensatory damages, unspecified punitive damages, pre-judgment interest and costs, including attorney's fees.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Ronald H. Mayfield did not file with NASD Dispute Resolution a properly executed submission agreement, but he is required to submit to arbitration pursuant to NASD's Code of Arbitration Procedure (the "Code"), and he is bound by the determination of the Panel on all issues submitted.

On September 28, 2005, Claimants Clifford R. Sainsbury, Bonnie K. Sainsbury, Evan Sainsbury, Scott Sainsbury, and Clifford Sainsbury, IRA filed a Motion for Summary Judgment in this matter. On October 17, 2005, Claimants notified NASD in writing that Respondent would not be submitting a response to Claimants' Motion for Summary Judgment, as Respondent was in agreement with the Statement of Material Facts that was part of Claimants' motion. NASD staff subsequently confirmed that Respondent would not be submitting a response to this motion. On November 22, 2005, the Panel decided to grant Claimants' Motion for Summary Judgment.

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, Claimants' Motion for Summary Judgment, Claimants' letter dated October 17, 2005, and Claimants' counsel's Affidavit of Attorney's Fees, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondent Ronald H. Mayfield is liable to and shall pay Claimants Clifford R. Sainsbury, Bonnie K. Sainsbury, Evan Sainsbury, Scott Sainsbury, and Clifford Sainsbury, IRA the sum of \$323,738.28 in compensatory damages.
- 2) Respondent Ronald H. Mayfield is liable to and shall pay Claimants Clifford R. Sainsbury, Bonnie K. Sainsbury, Evan Sainsbury, Scott Sainsbury, and Clifford Sainsbury, IRA the sum of \$6,480.00 in attorney's fees and \$2,232.90 in costs, pursuant to the Washington Securities Act.
- 3) Respondent Ronald H. Mayfield is liable to and shall pay Claimants Clifford R. Sainsbury, Bonnie K. Sainsbury, Evan Sainsbury, Scott Sainsbury, and Clifford Sainsbury, IRA interest in the amount of 8% per annum on \$323,738.28 from the date of purchase of each bond until payment of this Award is made in full.

4) Any and all relief not specifically addressed herein, including punitive damages, 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
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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. The following forum fees are assessed:

One (1) pre-hearing conference session with the Panel @ \$1,125.00/session	= \$1,125.00
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Pre-hearing conference: February 22, 2005	1 session
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Total Forum Fees	= \$1,125.00
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The Panel assessed \$1,125.00 of the forum fees to Respondent Robert H. Mayfield.

Fee Summary

1. Claimants Clifford R. Sainsbury, Bonnie K. Sainsbury, Evan Sainsbury, Scott Sainsbury, and Clifford Sainsbury, IRA are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 300.00
<u>Less payments</u>	<u>= \$(1,575.00)</u>
Refund Due Claimants	= \$(1,275.00)

2. Respondent Ronald H. Mayfield is charged solely with the following fees and costs:

Forum Fees	= \$ 1,125.00
<u>Less payments</u>	<u>= \$ (0.00)</u>
Balance Due NASD Dispute Resolution	= \$ 1,125.00

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

<i>James A. Bishop</i>	-	<i>Non-Public Arbitrator, Presiding Chair</i>
<i>Fredrick Davis Huebner, Esq.</i>	-	<i>Public Arbitrator</i>
<i>William P. Bergsten, Esq.</i>	-	<i>Public Arbitrator</i>

Concurring Arbitrators' Signatures


James A. Bishop
Chair, Public Arbitrator

11/30/05
Signature Date

Fredrick Davis Huebner, Esq.
Public Arbitrator

Signature Date

William P. Bergsten, Esq.
Non-Public Arbitrator

Signature Date

12/2/05
Date of Service

ARBITRATION PANEL

<i>James A. Bishop</i>	-	<i>Non-Public Arbitrator, Presiding Chair</i>
<i>Fredrick Davis Huebner, Esq.</i>	-	<i>Public Arbitrator</i>
<i>William P. Bergsten, Esq.</i>	-	<i>Public Arbitrator</i>

Concurring Arbitrators' Signatures

James A. Bishop
Chair, Public Arbitrator

Signature Date

Fredrick Davis Huebner, Esq.
Public Arbitrator

Signature Date

William P. Bergsten

William P. Bergsten, Esq.
Non-Public Arbitrator

12-01-05

Signature Date

12/2/05

Date of Service

ARBITRATION PANEL

<i>James A. Bishop</i>	-	<i>Non-Public Arbitrator, Presiding Chair</i>
<i>Fredrick Davis Huebner, Esq.</i>	-	<i>Public Arbitrator</i>
<i>William P. Bergsten, Esq.</i>	-	<i>Public Arbitrator</i>

Concurring Arbitrators' Signatures

James A. Bishop
Chair, Public Arbitrator

Signature Date



Fredrick Davis Huebner, Esq.
Public Arbitrator

12/06/05

Signature Date

William P. Bergsten, Esq.
Non-Public Arbitrator

Signature Date

Date of Service