

**AWARD**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between

Name of Claimant

Theodore A. Hasson

and

Case Number: 04-08380  
Hearing Site: Houston, Texas

Names of Respondents

Western Reserve Life Assurance Co.,  
Intersecurities, Inc.,  
Belin Joint Life Insurance Trust,  
Bruce Belin, Mary Belin and Greg Belin

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**NATURE OF DISPUTE**

Associated Person v. Member Firm and Non-Members

**REPRESENTATION OF PARTIES**

Theodore A. Hasson ("**Claimant**") was represented by Robert E. Couhig, Jr., Esq., and Lisa L. Maher, Esq., Couhig Partners, LLP, Baton Rouge, Louisiana.

Western Reserve Life Assurance Co. ("**Western Reserve**") and Intersecurities, Inc. ("**Intersecurities**") were represented by J. Wiley George, Esq., Andrews Kurth, LLP, Houston, Texas.

Belin Joint Life Insurance Trust ("**Belin Joint Life Insurance**"), Bruce Belin ("**B. Belin**"), Mary Belin ("**M. Belin**") and Greg Belin ("**G. Belin**"), hereinafter collectively referred to as the "**Belin Entities**," were represented by Ross Asher, Esq., Roberts, Markel & Guerry, PC, Houston, Texas.

**CASE INFORMATION**

The Statement of Claim was filed on or about December 9, 2004. The Submission Agreement of Claimant, Theodore A. Hasson, was signed on or about December 8, 2004. Claimant filed a Response to the Counterclaim on or about July 20, 2005. On or about October 31, 2005, Claimant filed his Response to the Belin Entities' Motion to Dismiss. On or about November 5, 2005, Claimant filed a Motion for Summary Judgment. On or about November 23, 2005, Claimant filed a Reply in Support of his Motion for Summary Judgment.

The Statement of Answer and Counterclaim was filed jointly by Respondents, Western Reserve Life Assurance Co. and Intersecurities, Inc., on or about May 18, 2005. The Submission Agreement of Respondent, Western Reserve Life Assurance Co., was signed on or about May 13, 2005. The Submission Agreement of Respondent, Intersecurities, Inc., was signed on or about May 13, 2005. On or about November 15, 2005, Respondents, Western Reserve and Intersecurities, filed their Response to Claimant's Motion for Summary Judgment.

A Motion to Dismiss was filed by the Belin Entities on or about September 2, 2005.

### **CASE SUMMARY**

Claimant asserted the following causes of action: defamation, slander, breach of employment contract, and breach of fiduciary duty. The causes of action related to the alleged wrongful termination of Claimant, who was an agent selling Variable Universal Life ("VUL") insurance policies. Claimant alleged that Western Reserve unlawfully converted commissions owed to Claimant by charging back commissions as a result of the sale of the Belin Life Insurance Policy, and also they filed false, misleading and defamatory statements in Claimant's U-5. Claimant alleged that Intersecurities wrongfully terminated him for failing to disclose outside business, and failure to participate in a company investigation. Claimant contends that his contract allowed him to conduct outside business and he disclosed this information to Western Reserve and Intersecurities.

Unless specifically admitted in their Answer, Respondents, Western Reserve and Intersecurities, denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant failed to state a claim upon which relief can be granted; Claimant's claim are barred by the statutes of limitations; Claimant's claims are barred by the doctrines of laches and estoppel; Claimant has not asserted a legal basis on which he might be entitled to seek punitive damages; and Claimant has not asserted any legal basis on which he can recover damages for emotional distress.

Respondents, Western Reserve and Intersecurities, asserted the following causes of action in their Counterclaim: indemnity, breach of contract, and request return of commissions.

### **RELIEF REQUESTED**

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$2,000,000.00
Punitive/Exemplary Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified

Other Costs  
Other Monetary Relief

Unspecified  
Unspecified

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

### **OTHER ISSUES CONSIDERED & DECIDED**

On or about December 2, 2005, the Panel denied the Belin Entities' Motion to Dismiss.

On or about December 6, 2005, the Belin Entities filed a Motion to Stay or Abate Arbitration Proceedings. On or about December 8, 2005, Claimant filed his Response to the Motion to Stay or Abate.

On or about December 9, 2005, the Panel denied Claimant's Motion for Summary Judgment. During the prehearing conference call held on December 9, 2005, the Claimant and the Belin Entities notified the Panel that they entered into an agreement to sever the claims against the Belin Entities and had agreed to stay the related matters pending final resolution in the State Courts. The attorneys for Claimant and the Belin Entities made an oral motion that the Panel grant their request to sever and to stay these matters. The Panel granted the oral Motion to Sever and Stay. All parties agreed that the claims against Western Reserve and Intersecurities would proceed as scheduled.

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with NASD Dispute Resolution ("NASD").

### **AWARD**

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondent, Western Reserve Life Assurance Co., is liable for and shall pay to Claimant, Theodore A. Hasson, the sum of \$68,000.00 in compensatory damages;
- 2.) Respondent, Western Reserve Life Assurance Co., is liable for and shall pay to Claimant, Theodore A. Hasson, interest on the above-stated sum at the rate of 6% per annum from an including 30 days after the service date of this Award through and including when this Award is paid in full, pursuant to Texas statute;

- 3.) Respondent, Intersecurities, Inc., is liable for and shall pay to Claimant, Theodore A. Hasson, the sum of \$100,000.00 in compensatory damages;
- 4.) Respondent, Intersecurities, Inc., is liable for and shall pay to Claimant, Theodore A. Hasson, interest on the above-stated sum at the rate of 6% per annum from and including 30 days after the service date of this Award through and including when this Award is paid in full, pursuant to Texas statute;
- 5.) Western Reserve is from this date forward ordered to stop converting commissions of Claimant. Western Reserve is not entitled to convert any commissions of Claimant;
- 6.) Intersecurities is ordered to leave the reason for termination on Claimant's U-5 as: Failure to disclose outside business activities;
- 7.) The Counterclaim of Respondents, Western Reserve and Intersecurities, is dismissed with prejudice;
- 8.) Respondents, Western Reserve and Intersecurities, are jointly and severally liable to Claimant, Theodore A. Hasson, the sum of \$500.00 in costs;
- 9.) The Panel is ordering expungement relief based on the defamatory nature of the information in the CRD system with the understanding that pursuant to NASD Notice to Members 99-09, Claimant, Theodore A. Hasson, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive. Specifically, the Panel orders the following:

Intersecurities is ordered to expunge all references to a customer complaint of John and Tara Mayers from Claimant's U-5;

Intersecurities is ordered to expunge any reference to the Claimant being under internal review or ongoing investigation from Claimant's U-5;

Section 7E of the U-5 is to be amended by Intersecurities to answer "No" to all questions;

Intersecurities is to expunge all comments in the Internal Review section, parts I and II; and

Intersecurities is to expunge all and any reference of

the Belin and the Lanna Pai complaints and litigation.

- 10.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

### **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
Counterclaim filing fee	= \$ 2,000.00

#### **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. In this matter, the member firm is Intersecurities.

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

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

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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:

Four (4) Pre-hearing sessions with Panel x \$1,200.00	= \$ 4,800.00
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Pre-hearing conferences:	July 19, 2005	1 session
	October 4, 2005	1 session
	December 2, 2005	1 session
	December 9, 2005	1 session

Eleven (11) Hearing sessions x \$1,200.00	= \$ 13,200.00
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Hearing Dates:	January 5, 2006	2 sessions
	January 6, 2006	2 sessions
	January 9, 2006	2 sessions
	January 10, 2006	2 sessions
	January 11, 2006	2 sessions

January 12, 2006 1 session

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Total Forum Fees = \$ 18,000.00

The Arbitration Panel has assessed \$18,000.00 of the forum fees jointly and severally to Western Reserve Life Assurance Co. and Intersecurities, Inc.

**Fee Summary**

Claimant, Theodore A. Hasson, is liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 1,800.00
<u>Refund Due to Claimant</u>	= \$ 1,300.00

Respondent, Intersecurities, is liable for:

<u>Member Fees</u>	= \$ 8,550.00
<u>Total Fees</u>	= \$ 8,550.00
<u>Less payments</u>	= \$ 8,550.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondents, Western Reserve Life Assurance Co. and Intersecurities, Inc., are jointly and severally liable for:

<u>Counterclaim filing fee</u>	= \$ 2,000.00
<u>Forum Fees</u>	= \$18,000.00
<u>Total Fees</u>	= \$20,000.00
<u>Less payments</u>	= \$ 7,050.00
<u>Balance Due NASD Dispute Resolution</u>	= \$12,950.00

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

**ARBITRATION PANEL**

Sherry R. Wetsch, Esq. - Public Arbitrator, Presiding Chair  
Raymond C. Kerr, Esq. - Public Arbitrator  
Charles A. Bankston - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Sherry R. Wetsch, Esq.  
Sherry R. Wetsch, Esq.  
Public Arbitrator, Presiding Chair

January 13, 2006  
Signature Date

/s/ Raymond C. Kerr, Esq.  
Raymond C. Kerr, Esq.  
Public Arbitrator

January 13, 2006  
Signature Date

/s/ Charles A. Bankston  
Charles A. Bankston  
Non-Public Arbitrator


January 18, 2006  
Signature Date

January 13, 2006  
Date of Service (For NASD office use only)

**ARBITRATION PANEL**

Sherry R. Wetsch, Esq. - Public Arbitrator, Presiding Chair  
Raymond C. Kerr, Esq. - Public Arbitrator  
Charles A. Bankston - Non-Public Arbitrator

Concurring Arbitrators:

  
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Sherry R. Wetsch, Esq.  
Public Arbitrator, Presiding Chair

  
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Signature Date

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Raymond C. Kerr, Esq.  
Public Arbitrator

\_\_\_\_\_  
Signature Date

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Charles A. Bankston  
Non-Public Arbitrator

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Signature Date

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Raymond C. Kerr, Esq. - Public Arbitrator  
Charles A. Bankston - Non-Public Arbitrator

Concurring Arbitrators:

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Sherry R. Wetsch, Esq.  
Public Arbitrator, Presiding Chair

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Signature Date

  
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Raymond C. Kerr, Esq.  
Public Arbitrator

1/13/06  
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Signature Date

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Charles A. Bankston  
Non-Public Arbitrator

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Signature Date

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Raymond C. Kerr, Esq. - Public Arbitrator  
Charles A. Bankston - Non-Public Arbitrator

**Concurring Arbitrators:**

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Sherry R. Wetsch, Esq.  
Public Arbitrator, Presiding Chair

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Signature Date


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Raymond C. Kerr, Esq.  
Public Arbitrator

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Signature Date

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Charles A. Bankston  
Non-Public Arbitrator

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Signature Date

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Date of Service (For NASD office use only)