

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Wachovia Securities, LLC, Claimant v. Larry A. Traylor, Respondent

Larry A. Traylor, Counter-Claimant v. Wachovia Securities, LLC, Counter-Respondent

Case Number: 05-00217

Hearing Site: Los Angeles, California

Nature of the Dispute: Member v. Associated Person
Associated Person v. Member

REPRESENTATION OF PARTIES

For Claimant/Counter-Respondent

Wachovia Securities, LLC ("Wachovia"):

Ronald P. Kane, Esq.
Kane & Fischer, Ltd.
Chicago, Illinois

For Respondent/Counter-Claimant:

Larry A. Traylor ("Traylor"):

H. Thomas Fehn, Esq.
Fields, Fehn & Sherwin
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: January 13, 2005

Wachovia's Uniform Submission Agreement signed: January 11, 2005

Statement of Answer and Counterclaim filed: March 10, 2005

Traylor's Uniform Submission Agreement signed: January 26, 2005

CASE SUMMARY

Wachovia alleged default pursuant to the terms of a promissory note.

Traylor denied the allegations of wrongdoing set forth in Wachovia's Statement of Claim and filed a Counterclaim alleging wrongful termination.

RELIEF REQUESTED

Wachovia requested \$503,537.79 in compensatory damages, interest, and costs, including attorney's fees.

Traylor requested dismissal of Wachovia's Statement of Claim in its entirety. Traylor requested unspecified compensatory damages in his Counterclaim.

OTHER ISSUES CONSIDERED AND DECIDED

On March 24, 2005, Wachovia made a Motion to Strike Traylor's Counterclaim. Traylor filed an opposition to the motion on October 7, 2005. On October 21, 2005, Wachovia filed a reply. A pre-hearing conference was held on November 29, 2005, attended by Diane Fisher, Esq. and Melinda Myers Zachar, Esq. for Wachovia, Gregory Sherwin, Esq. for Traylor, and the Panel. After due deliberation, the Panel denied the motion.

On February 17, 2006, Traylor's counsel sent a letter to NASD Dispute Resolution staff advising that Traylor "is filing bankruptcy and will not appear at the hearing." Traylor made no appearance at the hearing. Traylor did not send any proof that he had filed for bankruptcy. Further, Wachovia's counsel advised the Panel during the hearing that Traylor had not filed a bankruptcy petition as of close of business February 17, 2006. Upon review of the file, the undersigned Panel determined that Traylor was properly served with the Statement of Claim and received due notice of the hearing. The Panel accordingly determined that arbitration of the matter would proceed without Traylor present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

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) Respondent Larry A. Traylor is liable to and shall pay Claimant Wachovia Securities, LLC the sum of \$503,537.79 in compensatory damages.
- 2) Respondent Larry A. Traylor is liable to and shall pay Claimant Wachovia Securities, LLC the sum of \$77,472.72 in interest.
- 3) Respondent Larry A. Traylor is liable to and shall pay Claimant Wachovia Securities, LLC \$1,250.00 as reimbursement for filing costs.
- 4) Respondent Larry A. Traylor is liable to and shall pay Claimant Wachovia Securities, LLC the sum of \$31,131.00 in attorney's fees, pursuant to terms of the contract between the parties.
- 5) Except as set forth in paragraphs 3 and 4, above, the parties shall bear their respective costs, including attorney's fees.
- 6) Counter-Claimant Larry A. Traylor's counterclaim is dismissed with prejudice.
- 7) 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	= \$1,250.00
Counterclaim filing fee	= \$ 250.00

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 Wachovia Securities, LLC is a party and the following fees are assessed:

Member Surcharge	= \$2,250.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$4,000.00</u>
Total Member Fees	= \$7,000.00

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: February 9, 2006 1 session	
Two (2) Pre-hearing conference sessions with the Panel @ \$1,200.00/session	= \$2,400.00
Pre-hearing conferences: September 23, 2005 1 session	
November 29, 2005 1 session	
One (1) Hearing session @ \$1,200.00/session	= \$1,200.00
Hearing: February 21, 2006 1 session	
Total Forum Fees	= \$4,050.00

The Panel assessed the entire balance of the forum fees, in the amount of \$4,050.00 to Respondent Larry A. Traylor.

Fee Summary

1. Claimant Wachovia Securities, LLC is charged with the following fees and costs:

Initial Filing Fee	= \$ 1,250.00
Member Fees	= \$ 7,000.00
Total Fees	= \$ 8,250.00
Less payments	= \$(9,450.00)
Refund Due from NASD Dispute Resolution	= \$(1,200.00)

2. Respondent Larry A. Traylor is charged with the following fees and costs:

Counterclaim Filing Fee	= \$ 250.00
Forum Fees	= \$ 4,050.00
Total Fees	= \$ 4,300.00
Less payments	= \$(1,250.00)
Balance Due NASD Dispute Resolution	= \$ 3,050.00

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.

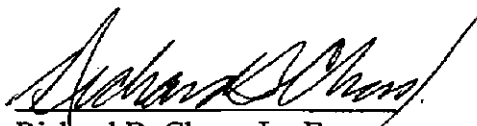
ARBITRATION PANEL

Richard B. Chess, Jr., Esq.
Howard A. Emirhanian
Robert Elman

-
-
-

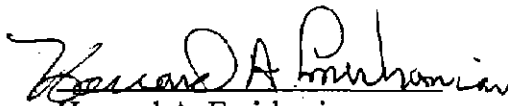
Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures



Richard B. Chess, Jr., Esq.
Chair, Public Arbitrator

February 21, 2006
Signature Date



Howard A. Emirhanian
Public Arbitrator

February 21, 2006
Signature Date



Robert Elman
Non-Public Arbitrator

February 21, 2006
Signature Date

February 21, 2006
Date of Service