

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:
Michael Lombardo, Claimant,

Case Number: - 05-00870

v.

H&R Block Financial Advisors, Inc. and
Rodney A. Schmitz,
Respondents.

Hearing Site: St. Louis, Missouri

NATURE OF THE DISPUTE

Customer vs. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Michael Lombardo ("Lombardo"), hereinafter referred to as "Claimant": Albert S. Watkins, Esq. of the law firm Kodner Watkins Muchnick & Weigley, L.C. located in St. Louis, Missouri.

H&R Block Financial Advisors, Inc. ("H&R Block") and Rodney A. Schmitz ("Schmitz"), hereinafter collectively referred to as "Respondents": David T. Doyle, Esq. of H&R Block, located in Detroit, Michigan.

CASE INFORMATION

Statement of Claim filed on or about: February 18, 2005
Lombardo signed the Uniform Submission Agreement: February 4, 2005

Statement of Answer jointly filed by Respondents, H&R Block and Schmitz, on or about: May 11, 2005

H&R Block signed the Uniform Submission Agreement: April 12, 2005

Schmitz signed the Uniform Submission Agreement: March 29, 2005

Claimant's Denial of Respondents' Affirmative Defenses filed on or about: May 26, 2005

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty, negligence, churning, fraud, failure to diversify, negligent supervision, failure to increase maintenance margin, unsuitable trading on margin, over-concentration, violation of SEC Act of 1934 Section 10B-5, failure to manage client's self-directed account. The causes of action relate to unspecified securities, which Claimant asserted were extremely volatile and unsuitable to his investment needs and objectives.

Unless specifically admitted in its Answer, Respondents, H&R Block and Schmitz, denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant seeks undeserved payment for market losses incurred during the recent, sustained bear market and seeks to deflect responsibility for his own investment decisions. His claim is factually and legally without merit. Respondents acted in accordance with the Claimant's wishes and in compliance with applicable laws and regulations.

RELIEF REQUESTED

Lombardo requested \$200,000.00 in compensatory damages; \$200,000.00 in punitive damages; plus interest, costs, attorney's fees and disciplinary referral.

Respondents, H&R Block and Schmitz, requested dismissal of all claims against them and that Claimant be assessed the Respondents' defense costs.

OTHER ISSUES CONSIDERED AND DECIDED

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 remains on file with the NASD Dispute Resolution.

A Stipulation to Dismiss and Expunge the Registered Representative's record was filed with the NASD.

AWARD

After considering the parties' stipulation of settlement, submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows:

- 1.) Claimant's withdrawal of his claims is accepted and Respondents, H&R Block Financial Advisors, Inc. and Rodney A. Schmitz, are dismissed from this matter with prejudice.
- 2.) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Rodney A. Schmitz's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Schmitz must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Pursuant to Rule 2130, the arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous.

- 3.) Except as otherwise specified herein, parties shall bear their own costs, including attorneys' fees.
- 4.) Any and all relief not specifically enumerated, including punitive damages 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 = \$ 300.00

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, H&R Block Financial Advisors, Inc. is a party to this proceeding.

Member surcharge = \$1,700.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$2,750.00

Forum Fees and Assessments

The 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:

One (1) Pre-hearing sessions x \$1,125.00 = \$1,125.00

Pre-hearing Date: May 17, 2005 1 session

Total Forum Fees = \$1,125.00

1. The Panel assessed 50% of the total forum fees in the amount of \$562.50 solely to Claimant, Michael Lombardo.
2. The Panel assessed 50% of the total forum fees in the amount of \$562.50 jointly and severally to Respondents, H&R Block Financial Advisors, Inc. and Rodney A. Schmitz.

FEE SUMMARY

Claimant, Michael Lombardo, is hereby solely liable for:

Initial Filing Fee = \$ 300.00

Forum Fees = \$ 562.50

Total Fees = \$ 862.50

Less payments = \$1,425.00

Refund Due from NASD Dispute Resolution = \$ 562.50

Respondent, H&R Block Financial Advisors, Inc. is hereby solely liable for:

Member Fees = \$5,200.00

Less payments = \$5,200.00

Balance Due NASD Dispute Resolution = \$ 0.00

Respondents, H&R Block Financial Advisors, Inc. and Rodney A. Schmitz, are hereby jointly and severally liable for:

Forum Fees = \$ 562.50

Less payments = \$ 0.00

Balance Due NASD Dispute Resolution = \$ 562.50

All balances are due to NASD Dispute Resolution.

ARBITRATION PANEL

Keith E. Mattern, Esq.	-	Public Arbitrator, Presiding Chairperson
Leah M. Balk-Teitelbaum, Esq.	-	Public Arbitrator
Darla J. Goodrich	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/ Keith E. Mattern, Esq.
Keith E. Mattern, Esq.
Public Arbitrator, Presiding Chair

11-21-05
Signature Date

/s/ Leah M. Balk-Teitelbaum, Esq.
Leah M. Balk-Teitelbaum, Esq.
Public Arbitrator

11-17-05
Signature Date

/s/ Darla J. Goodrich
Darla J. Goodrich
Non-Public Arbitrator

11-21-05
Signature Date

11-21-05
Date of Service (For NASD office use only)

All balances are due to NASD Dispute Resolution.

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Public Arbitrator

Signature Date



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Non-Public Arbitrator

11/27/05

Signature Date

Date of Service (For NASD office use only)