

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Stanford Group Company

and

Case Number: 05-01098
Hearing Site: Houston, Texas

Name of Respondent

James Luke Patterson

NATURE OF DISPUTE

Member Firm v. Associated Person

REPRESENTATION OF PARTIES

Stanford Group Company ("**Claimant**") was represented by Rebecca Hamric, Esq., Stanford Group Company, Houston, Texas.

James Luke Patterson ("**Respondent**") of Houston, Texas, represented himself.

CASE INFORMATION

The Statement of Claim was filed on or about March 3, 2005. The Submission Agreement of Claimant, Stanford Group Company, was signed on or about March 2, 2005.

Respondent, James Luke Patterson, did not file a Submission Agreement or a Statement of Answer.

CASE SUMMARY

Claimant asserted the following cause of action: failure to repay promissory note. On or about November 11, 2002, Stanford Group hired Patterson as a Financial Advisor in the Houston, Texas branch office. In connection with Patterson's hire, on or about November 11, 2002, Stanford Group advanced to Patterson as a loan the sum of \$104,850.00. This loan was memorialized in a promissory note ("the Note"). The Note provides that if Patterson's employment should terminate, whether voluntarily or involuntarily, no part of the unpaid Principal Amount shall be forgiven. Patterson was terminated on March 2, 2004, prior to the second forgiveness date of the Note. According to the Claimant, the amount of the principal outstanding on the Note on the date of Patterson's termination from

Stanford Group was a principal balance of \$83,880.00, plus accrued interest of \$2,165.92, for a total of \$86,045.92. The Note further provided that should Patterson default in the timely payment of any portion of the principal amount, Patterson is obligated to pay interest on any such outstanding amount. Also, the Note provided that should Stanford Group be required to enforce any and all provisions, Patterson is obligated to pay any and all costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements incurred by Stanford Group.

RELIEF REQUESTED

Claimant requested an award in the amount of:

| | |
|-----------------------------|-------------|
| Actual/Compensatory Damages | \$86,045.92 |
| Interest | Unspecified |
| Attorneys' Fees | Unspecified |
| Other Costs | Unspecified |
| Other Monetary Relief | Unspecified |

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made on behalf of Claimant, the undersigned arbitrators determined that Respondent, James Luke Patterson, has properly served with the Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators also determined that Respondent, James Luke Patterson, received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

Respondent, James Luke Patterson, did not file with the NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having appeared and participated in the ranking of the arbitrators is bound by the determination of the arbitration panel on all issues submitted.

Respondent, James Luke Patterson, did not make an appearance at the final hearing.

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, James Luke Patterson, is liable for and shall pay to Claimant, Stanford Group Company, the sum of \$83,880.00 in compensatory damages;
- 2.) Respondent, James Luke Patterson, is liable for and shall pay to Claimant, Stanford Group Company, interest of \$4,658.14, pursuant to the terms of the Note, from and including November 11, 2002 through and including September 13, 2005;
- 3.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 4.) 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 = \$ 1,000.00

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 Stanford Group Company.

Member surcharge = \$ 1,100.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$ 1,700.00

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:

| | |
|---|----------------------|
| One (1) Pre-hearing session with Panel x \$750.00 | = \$ 750.00 |
| Pre-hearing conference: June 28, 2005 | 1 session |
| One (1) Hearing session x \$750.00 | = \$ 750.00 |
| Hearing Date: September 13, 2005 | 1 session |
| Total Forum Fees | = \$ 1,500.00 |

The Arbitration Panel has assessed \$750.00 of the forum fees to Stanford Group Company.

The Arbitration Panel has assessed \$750.00 of the forum fees to James Luke Patterson.

Fee Summary

Claimant, Stanford Group Company, is liable for:

| | |
|--|----------------------|
| Initial Filing Fee | = \$ 1,000.00 |
| Member Fees | = \$ 3,550.00 |
| Forum Fees | = \$ 750.00 |
| Total Fees | = \$ 5,300.00 |
| Less payments | = \$ 3,600.00 |
| Balance Due NASD Dispute Resolution | = \$ 1,700.00 |

Respondent, James Luke Patterson, is liable for:

| | |
|--|--------------------|
| Forum Fees | = \$ 750.00 |
| Total Fees | = \$ 750.00 |
| Less payments | = \$ 0.00 |
| Balance Due NASD Dispute Resolution | = \$ 750.00 |

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

ARBITRATION PANEL

Thomas H. Griffin - Non-Public Arbitrator, Presiding Chair
Jeffrey M. Aboloff - Non-Public Arbitrator
Ruth Smith Jackson - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Thomas H. Griffin
Thomas H. Griffin
Non-Public Arbitrator, Presiding Chair

September 14, 2005
Signature Date

/s/ Jeffrey M. Aboloff
Jeffrey M. Aboloff
Non-Public Arbitrator

September 13, 2005
Signature Date

/s/ Ruth Smith Jackson
Ruth Smith Jackson
Non-Public Arbitrator

September 13, 2005
Signature Date

September 13, 2005
Date of Service (For NASD office use only)

ARBITRATION PANEL

Thomas H. Griffin - Non-Public Arbitrator, Presiding Chair
Jeffrey M. Aboloff - Non-Public Arbitrator
Ruth Smith Jackson - Non-Public Arbitrator

Concurring Arbitrators:


Thomas H. Griffin
Non-Public Arbitrator, Presiding Chair

9.14.05
Signature Date

Jeffrey M. Aboloff
Non-Public Arbitrator

Signature Date

Ruth Smith Jackson
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Non-Public Arbitrator, Presiding Chair

Jeffrey M. Aboloff
Non-Public Arbitrator

Ruth Smith Jackson
Non-Public Arbitrator

Signature Date

9/13/05
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Non-Public Arbitrator

Signature Date



Ruth Smith Jackson
Non-Public Arbitrator

9/13/05

Signature Date

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