
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Imran Shams

Case Number: 05-01360

Name of the Respondent
H&R Block Financial Advisors, Inc.

Hearing Site: Orlando, Florida

Nature of the Dispute: Associated Person vs. Member.

REPRESENTATION OF PARTIES

For Imran Shams, hereinafter referred to as "Claimant": Philip J. Snyderburn, Esq., Snyderburn, Rishoi & Swann, Maitland, Florida.

For H&R Block Financial Advisors, Inc., hereinafter referred to as "Respondent": Katherine C. Lake, Esq., Fowler White Boggs Banker, Tampa, Florida.

CASE INFORMATION

Statement of Claim filed on or about: March 14, 2005.

Claimant signed the Uniform Submission Agreement on: March 3, 2005.

Response to Statement of Claim filed by Respondent on or about: May 20, 2005.

Respondent signed the Uniform Submission Agreement on: May 20, 2005.

CASE SUMMARY

Claimant alleged the following causes of action: 1) negligence; and 2) defamation. The causes of action relate to Respondent's termination of Claimant and reporting on Claimant's Form U-5.

Unless specifically admitted in its Statement of Answer, Respondent denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimant requested: 1) compensatory damages, including pecuniary loss as a result of being unable to be employed as a stock broker, mental suffering and injury to reputation; 2) punitive damages; 3) interest; 4) that Respondent be compelled to file an amended Form U-5 reflecting that the internal review has been completed and there has been no wrongdoing by Claimant, or alternatively,

expungement of the Form U-5; and 5) such other relief the undersigned arbitrators (the "Panel") deemed just and proper.

Respondent requested: 1) denial of the Statement of Claim in its entirety; 2) costs; and 3) attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

Arbitrator Feller dissents with the majority decision. Arbitrator Feller does not concur in the decision rendered by the other arbitrators in the above-referenced matter because the Claimant did not carry his evidentiary burden in his cause of action for defamation by showing that Respondent made an untruthful statement.

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, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent is liable on the claim of defamation and shall pay to Claimant compensatory damages in the amount of \$19,787.67, pre-judgment excluded and denied.
2. Respondent is liable and shall pay to Claimant punitive damages in the amount of \$25,000.00. A majority of the panel determined to award punitive damages in the above case on the basis of conduct that it deemed unethical and which it did not find to be adequately addressed by the Respondent at the hearing or otherwise. One example is a letter that the Respondent is alleged to have been sent to the Claimant's customers after his dismissal. The letter states untruthfully that because Mr. Shams had been promoted his customers were being reassigned to other representatives. Mr. Shams was not aware of the letter which did not have his approval. The Respondent stated on Claimant's U-5 that he was dismissed for inadequate supervision of branch activities. The majority was further concerned that the Respondent did not address persons higher up the line of supervision for what the majority of the panel considered inadequate supervision. For example in its settlement with the NASD the Respondent acknowledged that its compliance department was not performing adequately. Yet no one in the compliance department was disciplined. Neither were those in the direct line of supervision above the Claimant. Add to this that the Claimant was offered a severance package with money and a favorable letter of recommendation if he signed a release. This suggests that the Respondent was using Claimant's employment record along with his U-5 as a bargaining chip to get him to sign off. It is also further strong evidence that the reason given on his U-5 for his dismissal was not the true reason.
3. Claimant's request that Respondent be compelled to file an amended Form U-5 reflecting that the internal review has been completed and there has been no wrongdoing by Claimant, or

alternatively, expungement of the Form U-5, is denied.

4. Respondent's request for attorney's fees is denied.
5. Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (the "Code"), the following fees are assessed:

Filing Fees

NASD will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 250.00
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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. Accordingly, Respondent is a member firm and a party.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which fees were assessed.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

There were no three-day cancellation fees assessed during these proceedings.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

There were no injunctive relief fees assessed during these proceedings.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 @ \$1,000.00 per session = \$ 1,000.00
Pre-hearing conference: July 19, 2005 1 session

Ten (10) Hearing sessions @ \$1,000.00 per session = \$10,000.00
Hearing Dates: May 9, 2006 2 sessions
May 10, 2006 2 sessions
May 11, 2006 3 sessions
May 12, 2006 3 sessions

Total Forum Fees = \$11,000.00

The Panel has assessed the total forum fees in the amount of \$11,000.00 to Respondent.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 250.00
Total Fees	= \$ 250.00
Less payments	= \$ 250.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent is solely liable for:

Member Fees	= \$ 4,450.00
Forum Fees	= \$11,000.00
Total Fees	= \$15,450.00
Less payments	= \$ 4,450.00
Balance Due NASD Dispute Resolution	= \$11,000.00

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

ARBITRATION PANEL

<i>Donald J. Spero, Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Maurice M. Feller, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Larry G. Kjosa, PhD</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

 /s/
Donald J. Spero, Esq.
Public Arbitrator, Presiding Chairperson

May 16, 2006
Signature Date

 /s/
Larry G. Kjosa, PhD
Non-Public Arbitrator

May 17, 2006
Signature Date

Dissenting Arbitrator's Signature

(I do not concur in the decision rendered by the other arbitrators in the above-referenced matter, because the Claimant did not carry his evidentiary burden in his cause of action for defamation by showing that Respondent made an untruthful statement.)

 /s/
Maurice M. Feller, Esq.
Public Arbitrator

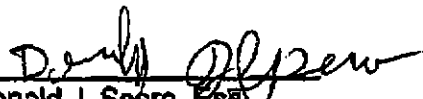
May 16, 2006
Signature Date

May 17, 2006
Date of Service (For NASD Dispute Resolution office use only)

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Larry G. Kjos, PhD	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Donald J. Spero, Esq.
Public Arbitrator, Presiding Chairperson

5/16/06

Signature Date

Larry G. Kjos, PhD
Non-Public Arbitrator

Signature Date

Dissenting Arbitrator's Signature

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Maurice M. Feller, Esq.
Public Arbitrator

Signature Date

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Public Arbitrator, Presiding Chairperson

Signature Date



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Maurice M. Feller, Esq.
Public Arbitrator

5-16-06

Signature Date

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