

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Mildred R. Hood (Claimant) vs. Williams Capital Management, Inc. and Waterhouse Securities n/k/a TD Waterhouse Investor Services, Inc. (Respondents)

Case Number: 05-02180

Hearing Site: Newark, New Jersey

Nature of the Dispute: Customer vs. Non-Member and Member

REPRESENTATION OF PARTIES

Claimant Mildred R. Hood hereinafter referred to as "Claimant": Patrick D. Tobia, Esq., Clemente, Mueller & Tobia, P.A., Morristown, NJ.

Respondent Williams Capital Management, Inc. ("Williams Capital") did not enter an appearance in this matter.

Respondent Waterhouse Securities n/k/a TD Waterhouse Investor Services, Inc. ("Waterhouse"): Theodore R. Snyder, Esq., Krebsbach & Snyder, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: April 22, 2005.

Claimant signed the Uniform Submission Agreement: July 2, 2005.

Williams Capital did not submit a Statement of Answer or a Uniform Submission Agreement.

Statement of Answer filed by Waterhouse on or about: September 8, 2005.

Waterhouse signed the Uniform Submission Agreement: August 18, 2005.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract, negligence, failure to supervise, breach of fiduciary duty, and suitability.

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

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$700,000.00, forum fees, witness and production fees, and all other case related costs.

Respondent Waterhouse requested dismissal of the Statement of Claim in its entirety, costs, and disbursements.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and representations made by the Claimant, the undersigned arbitrators ("Panel") determined that Respondent Williams Capital has been properly served with the Statement of Claim and received due notice of the hearing and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code") and the Customer Agreement.

Respondent Williams Capital did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Customer Agreement and is bound by the determination of the Panel on all issues submitted.

Respondent Waterhouse submitted a Motion to Dismiss the Statement of Claim. A pre-hearing conference was held on February 14, 2006 during which the Panel heard oral arguments on the Motion to Dismiss. After due deliberation and review of all the submissions, the Panel granted Respondent Waterhouse's Motion to Dismiss.

During the June 20, 2006 hearing Claimant orally moved for an Award of punitive damages against Respondent Williams Capital.

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.

AWARD

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

1. Respondent Williams Capital is liable for and shall pay to Claimant compensatory damages in the amount of \$408,767.54 (which represents the difference between the amount deposited in 1997 less withdrawals of \$428,250.00) plus pre-judgment interest at the rate of 4.20% per annum beginning from April 1, 2001 until June 20, 2006 and post-judgment interest at the rate of 6% per annum beginning from June 20, 2006 until the Award is paid in full.
2. Respondent Williams Capital is liable for and shall pay to Claimant punitive damages in the amount of \$1,226,304.00. The Panel granted punitive damages pursuant to *Mastrobuono v. Shearson Lehman Hutton, Inc.*
3. Respondent Williams Capital is liable for and shall reimburse Claimant for expert witness fees in the amount of \$4,500.00.
4. Any and all relief not specifically addressed herein is denied.

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	= \$	375.00
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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, Waterhouse Securities n/k/a TD Waterhouse Investor Services, Inc. is a party.

Member Surcharge	= \$	2,250.00
Pre-hearing Process Fee	= \$	750.00
Hearing Process Fee	= \$	4,000.00

Forum Fees and Assessments

The Arbitrator has assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. A session is any meeting between the parties and the arbitrator, including a pre-hearing conference with the arbitrator, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with the Panel @ \$1,200.00	= \$	2,400.00
Pre-hearing conferences: December 19, 2005 1 session		
February 14, 2006 1 session		

One (1) hearing session with the Panel @ \$1,200.00	= \$	1,200.00
Hearing date: June 20, 2006 1 session		

Total Forum Fees	= \$	3,600.00
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1. The Panel has assessed \$2,400.00 of the forum fees to Respondents Waterhouse and Williams Capital, jointly and severally.
2. The Panel has assessed \$1,200.00 of the forum fees to Respondent Williams Capital.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$	375.00
Total Fees	= \$	375.00
Less payments	= \$	1,575.00
Refund Due Claimant	= \$	1,200.00

2. Respondent Waterhouse is solely liable for:

Member Fees	= \$	7,000.00
Total Fees	= \$	7,000.00

<u>Less payments</u>	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent Williams Capital is solely liable for:

<u>Forum Fees</u>	= \$ 1,200.00
<u>Total Fees</u>	= \$ 1,200.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,200.00

4. Respondents Waterhouse and Williams Capital are jointly and severally liable for:


<u>Forum Fees</u>	= \$ 2,400.00
<u>Total Fees</u>	= \$ 2,400.00
<u>Less payments</u>	= \$ 00.00
Balance Due NASD Dispute Resolution	= \$ 2,400.00

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

ARBITRATION PANEL

Susan C. Lushing, Esq.	-	Public Arbitrator, Presiding Chairperson
Margaret Legget Tarver, Esq.	-	Public Arbitrator
Stanley M. Lenkowicz, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Susan C. Lushing, Esq.
Public Arbitrator, Presiding Chairperson

7/13/06

Signature Date

Margaret Legget Tarver, Esq.
Public Arbitrator

Signature Date

Stanley M. Lenkowicz, Esq.
Non-Public Arbitrator

Signature Date

July 14, 2006

Date of Service (For NASD Dispute Resolution use only)


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Signature Date

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