

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 05-04170

High Mark Securities, Inc.
High Mark Associates, Inc.
High Mark Insurance & Financial Services, Inc.
John J. Pennachio
Mark R. Wells

Names of the Respondents

Hearing Site: Atlanta, Georgia

Royal Alliance Associates, Inc.
AIG Equity Sales Corp.
SunAmerica Securities, Inc.
AIG SunAmerica Capital Services, Inc.
AIG Financial Securities Corp.
AIG International Securities, Inc.
Richard F. Trasport, Jr.

Nature of the Dispute: Member, Non-Member, and Associated Person vs. Member and Associated Person

REPRESENTATION OF PARTIES

For High Mark Securities, Inc. ("HMSI"), High Mark Associates, Inc. ("HMAI"), High Mark Insurance & Financial Services, Inc. ("HMIFS"), John J. Pennachio ("Pennachio"), and Mark R. Wells ("Wells"), hereinafter collectively referred to as "Claimants": William J. Schifino, Jr., Esq. and V. Stephen Cohen, Esq., Williams, Schifino, Mangione & Steady, P.A., Tampa, FL.

For Respondents Royal Alliance Associates, Inc. ("RAA"), AIG Equity Sales Corp. ("AESC"), SunAmerica Securities, Inc. ("SSI"), AIG SunAmerica Capital Services, Inc. ("ASCS"), AIG Financial Securities Corp. ("AFSC"), and AIG International Securities, Inc. ("AIS"): Will S. Montgomery, Esq. and John T. Gerhart, Esq., Jenkins & Gilchrist, Dallas, TX.

For Respondent Richard F. Trasport, Jr. ("Trasport"): Robert Persante, Esq., Persante & McCormack, P.A., Clearwater, FL.

CASE INFORMATION

Statement of Claim filed on or about: August 10, 2005.

Claimants HMSI, HMAI, HMIFS, and Pennachio signed the Uniform Submission Agreement: August 5, 2005.

Claimant Wells signed the Uniform Submission Agreement: August 8, 2005.

Respondent RAA's Statement of Answer and Counterclaim filed on or about: December

12, 2005.

Respondent RAA signed the Uniform Submission Agreement: January 5, 2006.

Respondent Trasport's Motion to Dismiss, Statement of Answer, and Counterclaim filed on or about: January 12, 2005.

Respondent Trasport signed the Uniform Submission Agreement: January 12, 2006.

Respondents AESC, SSI, ASCS, AFSC, and AIS did not file Answers or executed Uniform Submission Agreements.

Response to Respondent Trasport's Motion to Dismiss filed by Claimants on or about: January 13, 2006.

Reply to Respondent Trasport's Counterclaim filed by Claimants on or about: January 13, 2006.

Reply to Respondent RAA's Counterclaim filed by Claimants on or about: January 13, 2006.

Motion to Dismiss filed by Respondent RAA on or about: July 11, 2006.

Response in Opposition to Respondents RAA and Trasport's respective Motions to Dismiss filed by Claimants on or about: July 25, 2006.

Reply Brief in Support of Motion to Dismiss filed by Respondent RAA on or about: August 1, 2006.

Notice of Intent to Join in on Respondent RAA's Motion to Dismiss filed by Respondent Trasport on or about: July 11, 2006.

Notice of Intent to Join in on Respondent RAA's Reply to Response to Motion to Dismiss filed by Respondent Trasport on or about: August 3, 2006.

CASE SUMMARY

Claimants asserted the following causes of action: raiding; corporate piracy; corporate theft; fraudulent inducement of transfer agreement; conspiracy to commit fraud; quantum meruit; unjust enrichment; and, violation of Florida Statutes §895.03. The causes of action relate to Respondents' alleged breach of an agreement to transfer registered representatives and customer accounts from Claimants to Respondent RAA.

Unless specifically admitted in its Answer, Respondent RAA denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In its Counterclaim, Respondent RAA asserted the cause of action of breach of contract. The cause of action relates to the alleged failure of Claimants HMAI, Pennachio, and Wells to repay sums due in connection with a promissory note.

Unless specifically admitted in his Answer, Respondent Trasport denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In his Counterclaim, Respondent Trasport asserted that Claimant HMSI failed to pay him commissions.

RELIEF REQUESTED

Claimant requested compensatory damages of \$60,000,000.00, punitive damages of \$180,000,000.00, pre-award and post-award interest, costs, an accounting of revenues generated by the transferred registered representatives, and such other and further relief as the undersigned arbitrators (the "Panel") deemed just and proper.

Respondent RAA requested compensatory damages of \$200,000.00, interest, expenses, attorneys' fees, dismissal of the Statement of Claim, and all other relief to which it is entitled.

Respondent Trasport requested compensatory damages of \$22,000.00, pre-judgment interest, forum fees, expert fees, costs, dismissal of the Statement of Claim, and for such further and other relief as the Panel deemed just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents AESC, SSI, ASCS, AFSC, and AIS did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and are bound by the determination of the Panel on all issues submitted.

On or about October 3, 2005, Claimants filed a Notice of Voluntary Dismissal, without prejudice, as to Respondent AIS.

On or about December 12, 2005, the parties filed a Joint Stipulation for Dismissal, Without Prejudice, and Tolling Agreement Between Claimants and Respondents AESC, ASCS, AFSC, and SSI. The dismissal pertained to all claims, including counter or cross-claims, that were pled or that could be pled.

On or about August 4, 2006, the Panel entered an order which denied Respondent RAA's and Trasport's respective Motions to Dismiss.

On or about September 8, 2006, Claimants and Respondent Trasport filed a Joint Dismissal With Prejudice of all Claims Against Respondent Trasport and Dismissal of all Counterclaims by Respondent Trasport.

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:

Respondent RAA is liable in connection with the agreement to facilitate the return of certain assets to Claimant HMSI and shall pay to Claimants compensatory damages in the sum of \$250,000.00, pre-judgment interest specifically excluded.

Respondent RAA's Counterclaim is dismissed, with prejudice.

Respondent RAA is liable and shall pay to Claimants the sum of \$2,500.00 representing reimbursement of one-half of the claim filing fee previously paid by Claimants to NASD Dispute Resolution.

Claimants are liable and shall pay to Respondent RAA the sum of \$500.00 representing reimbursement of one-half of the claim filing fee previously paid by Respondent RAA to NASD Dispute Resolution.

Any and all requests for relief not specifically addressed herein, including Claimants' request for punitive damages, are 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	= \$5,000.00
Respondent RAA's Counterclaim filing fee	= \$1,000.00
Respondent Trasport's Counterclaim filing fee	= \$ 125.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute.

Claimant HMSI is assessed:

Member surcharge	= \$3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,500.00

Respondent RAA is assessed:

Member surcharge	= \$3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,500.00

Respondents SSI, AESC, ASCS, and AFSC are assessed:

Member surcharge	= \$3,750.00
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Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were assessed during these proceedings.

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:

No three-day cancellation fees were 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.

No injunctive relief fees were assessed during these proceedings.

Forum Fees and Assessments

The Panel 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(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00/session	= \$ 900.00
Pre-hearing conferences: June 23, 2006	1 session
August 31, 2006	1 session

Two (2) Pre-hearing sessions with the Panel @ \$1,200.00/session	= \$ 2,400.00
Pre-hearing conferences: February 14, 2006	1 session
August 4, 2006	1 session

Nine (9) hearing sessions @ \$1,200.00/session	= \$10,800.00
Hearing sessions: September 11, 2006	2 sessions
September 12, 2006	2 sessions
September 13, 2006	2 sessions
September 14, 2006	2 sessions
September 15, 2006	1 session

Total Forum Fees	= \$14,100.00
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The Panel has assessed \$7,050.00 of the forum fees jointly and severally to Claimants. The Panel has assessed \$7,050.00 of the forum fees to Respondent RAA.

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.

No administrative costs were incurred during these proceedings.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 5,000.00
Forum Fees	= \$ 7,050.00
Total Fees	= \$12,050.00

<u>Less payments</u>	= \$ 6,200.00
Balance Due NASD Dispute Resolution	= \$ 5,850.00

Claimant HMSI is solely liable for:

<u>Member Fees</u>	= \$10,000.00
<u>Total Fees</u>	= \$10,000.00
<u>Less payments</u>	= \$10,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Trasport is solely liable for:

<u>Counterclaim Filing Fee</u>	= \$ 125.00
<u>Total Fees</u>	= \$ 125.00
<u>Less payments</u>	= \$ 125.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent RAA is solely liable for:

<u>Initial Filing Fee</u>	= \$ 1,000.00
<u>Member Fees</u>	= \$10,000.00
<u>Forum Fees</u>	= \$ 7,050.00
<u>Total Fees</u>	= \$18,050.00
<u>Less payments</u>	= \$15,500.00
Balance Due NASD Dispute Resolution	= \$ 2,550.00

Respondent SSI is solely liable for:

<u>Member Fees</u>	= \$ 3,750.00
<u>Total Fees</u>	= \$ 3,750.00
<u>Less payments</u>	= \$ 3,750.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent AESC is solely liable for:

<u>Member Fees</u>	= \$ 3,750.00
<u>Total Fees</u>	= \$ 3,750.00
<u>Less payments</u>	= \$ 3,750.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent ASCS is solely liable for:

<u>Member Fees</u>	= \$ 3,750.00
<u>Total Fees</u>	= \$ 3,750.00
<u>Less payments</u>	= \$ 3,750.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent AFSC is solely liable for:

<u>Member Fees</u>	= \$ 3,750.00
<u>Total Fees</u>	= \$ 3,750.00
<u>Less payments</u>	= \$ 3,750.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

Daniel H. Kolber, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
Harry G. Mason, J.D.	-	Public Arbitrator
John F. O'Neill, Jr., Esq.	-	Public Arbitrator

Concurring Arbitrators' Signatures

<u>/s/</u> Daniel H. Kolber, Esq. Non-Public Arbitrator, Presiding Chairperson	<u> </u> Signature Date
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<u>/s/</u> Harry G. Mason, J.D. Public Arbitrator	<u> </u> Signature Date
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<u>/s/</u> John F. O'Neill, Jr., Esq. Public Arbitrator	<u> </u> Signature Date
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September 20, 2006
Date of Service (For NASD Dispute Resolution use only)

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ARBITRATION PANEL

Daniel H. Kolber, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
Harry G. Mason, J.D.	-	Public Arbitrator
John F. O'Neill, Jr., Esq.	-	Public Arbitrator

Concurring Arbitrators' Signatures



Daniel H. Kolber, Esq.
Non-Public Arbitrator, Presiding Chairperson

9/18/06
Signature Date

Harry G. Mason, J.D.
Public Arbitrator

Signature Date

John F. O'Neill, Jr., Esq.
Public Arbitrator

Signature Date

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ARBITRATION PANEL

Daniel H. Kolber, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
Harry G. Mason, J.D.	-	Public Arbitrator
John F. O'Neill, Jr., Esq.	-	Public Arbitrator

Concurring Arbitrators' Signatures

Daniel H. Kolber, Esq.
Non-Public Arbitrator, Presiding Chairperson

Signature Date



Harry G. Mason, J.D. Esq.
Public Arbitrator



Signature Date

John F. O'Neill, Jr., Esq.
Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution use only)

Sep. 18. 2006 12:44PM NASD

No. 7711 P. 8/8

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ARBITRATION PANEL

Daniel H. Kolber, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
Harry G. Mason, J.D.	-	Public Arbitrator
John F. O'Neill, Jr., Esq.	-	Public Arbitrator

Concurring Arbitrators' Signatures

Daniel H. Kolber, Esq.
Non-Public Arbitrator, Presiding Chairperson

Signature Date

Harry G. Mason, J.D.
Public Arbitrator

Signature Date

John F. O'Neill, Jr., Esq.
Public Arbitrator

Signature Date

9/18/06

Date of Service (For NASD Dispute Resolution use only)