

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimant
William S. Schroeder

Case Number: 05-04208

Names of the Respondents
Legg Mason Wood Walker, Inc.
Jeffrey Willis Durkee

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Associated Person v. Member and Associated Person.

REPRESENTATION OF PARTIES

For William S. Schroeder, hereinafter referred to as "Claimant": Susan H. Stern, Esq., Rothstein, Rosenfeldt & Adler, Fort Lauderdale, Florida.

For Legg Mason Wood Walker, Inc. ("LMWW") and Jeffrey Willis Durkee ("Durkee"), hereinafter collectively referred to as "Respondents": Thomas K. Potter, III, Esq., Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., New Orleans, Louisiana.

CASE INFORMATION

Statement of Claim filed on or about: August 8, 2005.

Claimant signed the Uniform Submission Agreement on: July 30, 2005.

Respondents' Statement of Answer filed on or about: October 7, 2005.

Respondents' Motion for Leave to File First Amended Answer and Counterclaim filed on or about: February 1, 2006.

Respondents' First Amended Answer and Counterclaim filed on or about: February 1, 2006.

Claimant's Answer and Affirmative Defenses to Respondents' Counterclaim as Contained in Its Amended Answer filed on or about: February 10, 2006.

Respondents' Motion for Summary Judgment and Incorporated Memorandum filed on or about: February 17, 2006.

Motion for Leave to File Amended Statement of Claim filed on or about: April 21, 2006.

Amended Statement of Claim filed on or about: April 21, 2006.

Claimant's Answer and Affirmative Defenses to Respondents' Counterclaim as Contained in their Amended Answer ("Second Answer to Counterclaim") filed on or about: May 2, 2006.

Respondents' Opposition to Claimant's Motion for Leave to Amend the Statement of Claim filed on or about: May 8, 2006.

Respondents' Supplemental Memorandum Opposing Claimant's Motion for Leave to Amend filed on or about: May 16, 2006.

Claimant's Reply to Respondents' Opposition to Claimant's Motion for Leave to File Amended Statement of Claim filed on or about: May 19, 2006.

Claimant's Memorandum in Opposition to Respondents' Motion for Summary Judgment filed on or about: May 19, 2006.

Respondents' Second Amended Answer and Counterclaim filed on or about: June 1, 2006.

Agreed Motion to Change Venue for Evidentiary Hearing filed on or about: July 6, 2006.

Respondent Durkee signed the Uniform Submission Agreement on: August 23, 2005.

Respondent LMWW signed the Uniform Submission Agreement on: October 5, 2005.

CASE SUMMARY

Claimant asserted the following causes of action: 1) breach of contract; 2) negligent misrepresentation; 3) misrepresentation; 4) tortious interference; 5) wrongful discharge; 6) violation of implied covenant of good faith and fair dealing; 7) money had and received; 8) conversion; 9) breach of contract implied in law/quantum meruit; 10) unjust enrichment; 11) ERISA benefits; and, 12) ERISA interference. The causes of action relate to Respondents' alleged breach of the Key Employee Phantom Stock Agreement ("KEPSA"), Financial Advisors Team Agreement ("FATA"), and Financial Advisors Bonus Repayment Agreement ("FABRA").

Unless specifically admitted in their Answer, as amended, Respondents denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses. With respect to their counterclaim, Respondents asserted a cause of action for Claimant's breach of contract. The cause of action relates to Claimant's breach of the bonus-repayment agreement.

Unless specifically admitted in his Answer, as amended, Claimant denied the allegations made in the counterclaim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested: 1) unspecified compensatory damages; 2) a declaration that Respondents are in breach of the KEPSA, FATA and FABRA agreements as well as their agreement regarding the full vesting and forgiveness of penalties; 3) expenses incurred, including costs and attorneys' fees; 4) attorneys' fees and costs pursuant to the parties agreements, Fla. Stat. 57.105, the FLSA, and ERISA; 5) unspecified punitive damages; 6) pre-judgment interest; and, 7) any further relief that the Panel deems just and proper.

Respondents requested that the Panel: 1) dismiss the Statement of Claim, as amended, in its entirety; and, 2) assess all costs of the proceeding against Claimant, including all deposits and fees.

With respect to their counterclaim, Respondents requested: 1) compensatory damages in the amount of \$49,414.32; 2) interest at 8% per annum from August 23, 2004; 3) attorneys' fees and costs; and, 4) such other and further relief as is equitable and just under the circumstances.

OTHER ISSUES CONSIDERED AND DECIDED

On or about February 23, 2006, the Panel granted Respondents' Motion for Leave to File an Amended Answer with Counterclaim.

On or about June 13, 2006, the Panel granted Claimant's Motion to File an Amended Statement of Claim. Additionally, the Panel denied Respondents' Motion for Summary Judgment.

On or about July 13, 2006, the Panel granted the Motion to Change Venue to Boca Raton.

On or about July 26, 2006, Claimant withdrew, with prejudice, Count XIV of the Amended Statement of Claim for FLSA violations.

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 LMWW is liable on the claim of breach of contract and shall fully vest 5/5s of the Key Employee Phantom Stock Plan to Claimant.
2. The Panel dismissed the counterclaim asserted against Claimant.
3. The Panel dismissed all claims asserted against Respondent Durkee.
4. Respondents' request for attorneys' fees is denied.
5. Any and all claims for relief not specifically addressed herein, including Claimant's requests for punitive damages and attorneys' fees, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure ("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	= \$ 250.00
Counterclaim 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. Accordingly, Respondent LMWW is a party and a member firm.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,200.00
Total Member Fees	= \$4,450.00

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 or each decision rendered on a discovery-related motion on the papers. 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:

Four (4) Pre-hearing sessions with Panel @ \$1,000.00/session	= \$ 4,000.00
Pre-hearing conferences: December 14, 2005	1 session
May 3, 2006	1 session
May 11, 2006	1 session
June 12, 2006	1 session
Six (6) Hearing sessions @ \$1,000.00/session	= \$ 6,000.00
Hearing Dates: August 1, 2006	2 sessions
August 2, 2006	2 sessions
August 3, 2006	2 sessions
Total Forum Fees	= \$10,000.00

The Panel has assessed \$5,000.00 of the forum fees to the Claimant.

The Panel has assessed \$5,000.00 of the forum fees to Respondent LMWW.

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 are 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
Forum Fees	= \$5,000.00
<u>Total Fees</u>	<u>= \$5,250.00</u>
<u>Less payments</u>	<u>= \$1,425.00</u>
Balance Due NASD Dispute Resolution	= \$3,825.00

Respondent LMWW is solely liable for:

Member Fees	= \$4,450.00
Forum Fees	= \$5,000.00
<u>Total Fees</u>	<u>= \$9,450.00</u>
<u>Less payments</u>	<u>= \$5,050.00</u>
Balance Due NASD Dispute Resolution	= \$4,400.00

Respondents are jointly and severally liable for:

Counterclaim Filing Fee	= \$1,000.00
<u>Total Fees</u>	<u>= \$1,000.00</u>
<u>Less payments</u>	<u>= \$1,000.00</u>
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

David P. Slater, Esq.	-	Public Arbitrator, Presiding Chairperson
Geoffrey Paul Nuckolls, CPA	-	Public Arbitrator
Dione E. Houchins	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
David P. Slater, Esq.
Public Arbitrator, Presiding Chairperson

August 8, 2006
Signature Date

/s/
Geoffrey Paul Nuckolls, CPA
Public Arbitrator

August 8, 2006
Signature Date

/s/
Dione E. Houchins
Non-Public Arbitrator

August 8, 2006
Signature Date

August 8, 2006
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures



David P. Slater, Esq.
Public Arbitrator, Presiding Chairperson


Signature/Date

Geoffrey Paul Nuckolls, CPA
Public Arbitrator

Signature Date

Dione E. Houchins
Non-Public Arbitrator

Signature Date

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Aug. 8. 2006 11:14AM

No. 1837 P. 7

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David P. Slater, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Geoffrey Paul Nuckolls, CPA
Public Arbitrator

8/8/06

Signature Date

Dione E. Houchins
Non-Public Arbitrator

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Non-Public Arbitrator

August 8 2006
Signature Date

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