

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Frederick Guy Hildebrand and Nancy Hildebrand, Claimants v. WM Financial Services, Inc., Washington Mutual, Inc., Winston R. Watson, and Calvin G. Williams, Respondents

Case Number: 05-05434

Hearing Site: Los Angeles, California

Nature of the Dispute: Customers v. Member, Non-Member, and Associated Persons

REPRESENTATION OF PARTIES

For Claimants:

Thomas A. Schultz, Esq.
Kyle E. Lakin, Esq.
Lopez, Hodes, Restaino, Milman, & Skikos
Newport Beach, California

For Respondents WM Financial Services, Inc. and Winston R. Watson:

Gregory Sherwin, Esq.
Fields, Fehn & Sherwin
Los Angeles, California

For Respondent Washington Mutual, Inc.:

No appearance

For Respondent Calvin G. Williams:

Calvin G. Williams
In Propria Persona
Orleans, California

CASE INFORMATION

Statement of Claim filed: October 21, 2005

Claimants' Joint Uniform Submission Agreement signed: October 18, 2005

Statement of Answer filed by Respondent WM Financial Services, Inc.: January 4, 2006

Statement of Answer filed by Respondent Calvin G. Williams: May 14, 2006

Respondent WM Financial Services, Inc.'s Uniform Submission Agreement signed:
December 6, 2005

Respondent Calvin G. Williams' Uniform Submission Agreement signed:
January 11, 2006

CASE SUMMARY

Claimants alleged breach of contract, negligence, breach of fiduciary duty, common law fraud, deceptive trade practices, failure to supervise, violations of federal and state securities laws, and violations of NASD rules and regulations, involving viatical investments issued by Mutual Benefits Corporation.

Respondent WM Financial Services, Inc. denied the allegations of wrongdoing set forth in Claimants' Statement of Claim.

Respondent Calvin G. Williams denied the allegations of wrongdoing set forth in Claimants' Statement of Claim.

RELIEF REQUESTED

Claimants requested \$150,000.00 in compensatory damages, unspecified punitive and treble damages, pre- and post-judgment interest, disgorgement of commissions and/or management fees, unspecified damages for extreme mental anguish and emotional distress, and costs, including attorney's fees.

Respondent WM Financial Services, Inc. requested dismissal of all claims against it and costs.

OTHER ISSUES CONSIDERED AND DECIDED

The Panel dismissed without prejudice Respondent Washington Mutual, Inc. upon a finding that they were not required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code").

Respondent Winston R. Watson did not file with NASD Dispute Resolution a properly executed submission agreement, but is required to submit to arbitration pursuant to the Code and is bound by the determination of the Panel on all issues submitted.

On August 15, 2006, Respondent Calvin G. Williams filed a request to change the venue in this matter to San Francisco. On September 8, 2006, Claimants filed an opposition to Respondent's request. On November 30, 2006, the Panel held a telephonic pre-hearing conference to hear oral argument on the motion. Respondent Calvin G. Williams did not appear at the telephonic pre-hearing conference. On November 30, 2006, after due deliberation, the Panel issued an Order denying Respondent Calvin G. Williams' request for a change of venue.

On September 29, 2006, Respondents WM Financial Services, Inc. and Winston R. Watson filed a Motion to Dismiss the Statement of Claim Under NASD Rule 10304. On October 18, 2006, Claimants filed an Opposition to Respondents' Motion to Dismiss. On November 30, 2006, the Panel held a telephonic pre-hearing conference to hear oral argument on the motion. On November 30, 2006, after due deliberation, the Panel issued an Order delaying ruling on the Motion to Dismiss until Claimants have the opportunity to put on their case as scheduled. After the conclusion of the evidentiary hearing, the Panel denies Respondents' Motion to Dismiss.

Upon review of the file and the representations made on behalf of Claimants, the undersigned Panel determined that Respondent Calvin G. Williams was 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 Code.

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

- 1) Respondent WM Financial Services, Inc. is liable to and shall pay Claimants the sum of \$100,684.05 in compensatory damages.
- 2) Respondent WM Financial Services, Inc. is liable to and shall pay Claimants interest in the amount of 10% per annum on \$100,684.05 from the date of service of this Award until the date that payment of this Award is made in full.
- 3) Respondent WM Financial Services, Inc. is liable to and shall pay Claimants the sum of \$10,000.00 in expert witness fees.
- 4) As agreed to by Claimants and Respondent WM Financial Services, Inc. during the evidentiary hearing, the remaining interests in the viatical contracts that were the subject of these proceedings shall be assigned to Respondent WM Financial Services, Inc.
- 5) Respondents Winston R. Watson and Calvin G. Williams are dismissed with prejudice.
- 6) Except as awarded above, the parties shall bear their respective costs, including attorney's fees.
- 7) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 300.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm WM Financial Services, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,700.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 2,750.00
Total Member Fees	= \$ 5,200.00

Adjournment Fees

The following adjournment fees are assessed:

October 24-26, 2006 hearing adjournment requested by Claimants = \$ 1,125.00

The Panel assessed \$1,125.00 of the adjournment fees to Respondent WM Financial Services, Inc.

Forum Fees and Assessments

The Panel 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:

1 Pre-hearing conference session with one arbitrator @ \$450.00/session = \$ 450.00
Pre-hearing conference: December 29, 2006 1 session

3 Pre-hearing conference sessions with the Panel @ \$1,125.00/session = \$ 3,375.00
Pre-hearing conferences: March 24, 2006 1 session
August 22, 2006 1 session
November 30, 2006 1 session

6 Hearing sessions @ \$1,125.00/session = \$ 6,750.00
Hearings: January 9, 2007 2 sessions
January 10, 2007 2 sessions
January 11, 2007 2 sessions

Total Forum Fees	= \$10,575.00
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The Panel assessed \$10,575.00 of the forum fees jointly and severally to Claimants.

Administrative Costs

Administrative costs are expenses incurred because a party requested additional services beyond the normal administrative services. These additional services include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, security, and sundry other requests.

Respondent WM Financial Services, Inc. requested
25 photocopies @ \$0.25 each: = \$ 6.25

Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$10,575.00
Total Fees	= \$10,875.00
Less payments	= \$(1,425.00)
Balance Due NASD Dispute Resolution	= \$ 9,450.00

2. Respondent WM Financial Services, Inc. is charged with the following fees and costs:

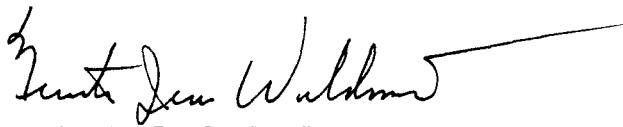
Member Fees	= \$ 5,200.00
Adjournment Fee	= \$ 1,125.00
Administrative Costs	= \$ 6.25
Total Fees	= \$ 6,331.25
Less payments	= \$(5,200.00)
Balance Due NASD Dispute Resolution	= \$ 1,131.25

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

ARBITRATION PANEL


Newton Ira Waldman	-	Public Arbitrator, Presiding Chair
Thomas R. Watkins	-	Public Arbitrator
Michael M. Perrigue	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



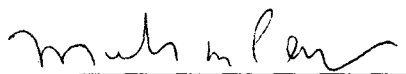
Newton Ira Waldman
Chair, Public Arbitrator

1/12/2007
Signature Date



Thomas R. Watkins
Public Arbitrator

1/12/2007
Signature Date



Michael M. Perrigue
Non-Public Arbitrator

1/12/2007
Signature Date

1/12/2007
Date of Service