

**Stipulated Award  
NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Name of Claimant  
Anthony Joseph Leonard

Case Number: 06-00892

Name of Respondent  
MFS Fund Distributors, Inc.

Hearing Site: Charlotte, North Carolina

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Nature of the Dispute: Associated Person vs. Member.

**REPRESENTATION OF PARTIES**

For Anthony Joseph Leonard ("Leonard"), hereinafter referred to as "Claimant": Joseph D. Singer, Esq., Singer Deutsch, LLP, New York, New York.

For MFS Fund Distributors, Inc. ("MFS"), hereinafter referred to as "Respondent": James S. Rollins, Esq., Bingham McCutchen, LLP, Boston, Massachusetts.

**CASE INFORMATION**

Statement of Claim filed on or about: February 22, 2006.  
Claimant signed the Uniform Submission Agreement: February 13, 2006.  
Statement of Answer filed by Respondent on or about: April 24, 2006.  
Respondent signed the Uniform Submission Agreement: July 6, 2006.

**CASE SUMMARY**

Claimant asserted, amongst other things, causes of action for defamation and unjust enrichment. A complete recitation of all of Claimant's allegations is set forth in the Statement of Claim.

Unless specifically admitted in its Answer, Respondent denied the allegations of wrongdoing set forth in the Statement of Claim and asserted the following defenses: Claimant fails to state any claim upon which relief could be granted; Claimant suffered no damages by reason of the acts complained of in the Statement of Claim; Claimant's alleged losses were proximately caused by his own conduct; Claimant is precluded from recovery upon the equitable principles of estoppel, laches, and waiver; Respondent is not liable to Claimant in any amount because, at all times relevant herein, Respondent acted properly and in good faith; each of Claimant's claims is barred because Respondent did not cause, legally, proximately or otherwise, his alleged injury; Claimant is not entitled to an award of attorney's fees, multiple or punitive damages, interest or the costs of the proceeding; Claimant has

failed to mitigate his damages, if any; to the extent Claimant suffered any damage, such damage was caused by the acts or omissions of third parties for whom the Respondent is not responsible; Respondent's communication of information regarding Claimant in connection with his U5 termination statement is subject to an absolute or qualified privilege which shields Claimant from liability for reporting such information to securities' regulators; Respondent's internal communication of information regarding Claimant in connection with his U5 termination statement is subject to an absolute or qualified privilege which shields Claimant from liability for reporting such information to securities' regulators; and the statements Respondent reported in Claimant's Form U5 were true or substantially true. A complete recitation of Respondent's response to the Statement of Claim and its defenses are set forth in its Answer.

### **RELIEF REQUESTED**

Claimant requested compensatory damages, including unjust enrichment damages, in the total amount of \$20,000,000.00, punitive damages in the amount of \$10,000,000.00; attorneys' fees and costs; an Order from the Panel recommending modification of the NASD Central Registration Depository ("CRD") records of Claimant; and, such other and further relief that the Panel deemed just and proper.

Respondent requested dismissal of Claimant's claims.

### **OTHER ISSUES CONSIDERED AND DECIDED**

On or about October 19, 2006, the parties notified NASD Dispute Resolution that they had settled this matter. In furtherance of the parties' resolution of this matter, Claimant seeks an Order recommending modification of the CRD registration records of Claimant Anthony Joseph Leonard in the manner set forth below.

The parties agreed that the Stipulated Award in this matter may be executed in counterpart copies or that a handwritten, signed Stipulated Award may be entered.

### **AWARD**

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. The parties have agreed to settle this matter pursuant to a confidential settlement agreement amongst the parties, which provides for this stipulation;

2. Claimant's claims are hereby dismissed in their entirety with prejudice, and all other requests for relief, except as noted below, are denied;

3. All parties are to bear their own attorneys' fees and their own costs, including costs assessed by NASD in connection with this arbitration;

4. Modification, as set forth below, to the reference of the reason for Claimant's departure from Respondent's employment as maintained by the NASD CRD would have no material adverse effect on investor protection, the integrity of the NASD CRD system, or regulatory requirements;

5. The CRD is ordered to expunge the Reason for Termination in Section 3 of Claimant Leonard's Form U5, which states: "Discharge." The NASD CRD is ordered to insert in place of "Discharge" the following modification: "Other."

6. The NASD CRD is ordered to expunge the portion of Section 3 of Claimant's Form U5 that states as the explanation for termination: "Did not meet MFS' sales-related expectations"; the NASD CRD is ordered to insert in its place the following modification: "By mutual agreement, Mr. Leonard separated from employment with MFS Fund Distributors, Inc. with a termination date of December 2, 2005. Mr. Leonard submitted his resignation on December 20, 2005."

7. Pursuant to NASD Notices to Members 99-09 and 99-54, Claimant must obtain confirmation from a court of competent jurisdiction before the NASD CRD will execute the directives delineated in Paragraphs 5 and 6 above.

### **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	= \$ 600.00
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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(s) at the time of the events giving rise to the dispute. In this matter, Respondent MFS is a member firm and a party.

Member Surcharge	= \$ 3,750.00
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Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 5,500.00
Total Member Fees	= \$10,000.00

### **Adjournment Fees**

The following adjournment fees are assessed:

No adjournment fees were incurred in this matter.

### **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 incurred in this matter.

### **Forum Fees and Assessments**

The Panel assesses forum fees for each hearing session conducted. A hearing 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. Forum fees associated with these proceedings are:

One (1) Decision on discovery-related motions on the papers  
with one (1) arbitrator @ \$200.00 = \$ 200.00  
Respondent submitted one (1) discovery-related motion

One (1) Pre-hearing conference with a single arbitrator @ \$450.00/session = \$ 450.00  
Pre-hearing conference: October 6, 2006 1 session

One (1) Pre-hearing conference with the Panel @ \$1,200.00/session = \$1,200.00  
Pre-hearing conference: July 12, 2006 1 session

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Total Forum Fees	= \$1,850.00
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The Panel has assessed \$925.00 of the forum fees to Claimant.  
The Panel has assessed \$925.00 of the forum fees to Respondent.

### **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, and security.

No administrative costs were incurred in this matter.

**Fee Summary**

Claimant is solely liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$ 925.00
<u>Total Fees</u>	<u>= \$ 1,525.00</u>
<u>Less payments</u>	<u>= \$ 1,525.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent is solely liable for:

Member Fees	= \$10,000.00
Forum Fees	= \$ 925.00
<u>Total Fees</u>	<u>= \$10,925.00</u>
<u>Less payments</u>	<u>= \$10,000.00</u>
Balance Due NASD Dispute Resolution	= \$ 925.00

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

**ARBITRATION PANEL**

Robert S. Zuckerman, Esq.	-	Public Arbitrator, Presiding Chair
William Brandon Lewis, Jr.	-	Public Arbitrator
John E. Allison, Jr.	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

I, the undersigned arbitrator, do hereby affirm, under the pain and penalty of perjury, that I am the individual described herein and who executed this instrument which is my award

/s/

Robert S. Zuckerman, Esq.  
Public Arbitrator, Presiding Chair

November 7, 2006  
Signature Date

/s/

William Brandon Lewis, Jr.  
Public Arbitrator

November 6, 2006  
Signature Date

/s/

John E. Allison, Jr.  
Non-Public Arbitrator

November 6, 2006

Signature Date

November 7, 2006

Date of Service (For NASD Dispute Resolution office use only)

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Robert S. Zuckerman, Esq.  
Public Arbitrator, Presiding Chair

11/7/06

Signature Date

William Brandon Lewis, Jr.  
Public Arbitrator

Signature Date

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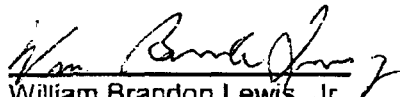
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Robert S. Zuckerman, Esq.  
Public Arbitrator, Presiding Chair

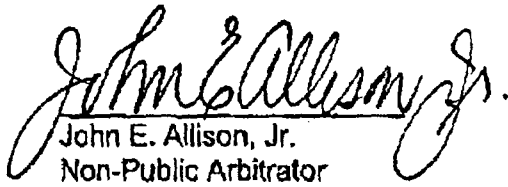
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Signature Date

  
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William Brandon Lewis, Jr.  
Public Arbitrator

11/6/06  
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Signature Date

NASD Dispute Resolution  
Arbitration No. 06-00892  
Stipulated Award Page 6

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John E. Allison, Jr.  
Non-Public Arbitrator

Nov. 6, 2006  
Signature Date

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Date of Service (For NASD Dispute Resolution office use only)