

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Hugh P. McNally (Claimant) v. H&R Block Financial Advisors, Inc. (Respondent)

Case Number: 06-00955

Hearing Site: Philadelphia, Pennsylvania

Nature of the Dispute: Associated Person vs. Member.

REPRESENTATION OF PARTIES

Claimant Hugh P. McNally, hereinafter referred to as "Claimant": J. Matthew Wolfe, Esq., Law Office of Alice W. Ballard, P.C., Philadelphia, PA. Previously represented by Alice W. Ballard, Esq., Law Office of Alice W. Ballard, P.C., Philadelphia, PA.

Respondent H & R Block Financial Advisors, Inc., hereinafter referred to as "Respondent": James E. Roach, Esq., Vercruysse, Murray & Calzone, Bingham Farms, MI.

CASE INFORMATION

Statement of Claim filed on or about: February 20, 2006.

Reply to Respondent's Answer to Statement of Claim filed by Claimant on or about: May 25, 2006.

Claimant signed the Uniform Submission Agreement: February 17, 2006.

Statement of Answer filed by Respondent on or about: May 10, 2006.

Respondent signed the Uniform Submission Agreement: March 30, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: wrongful discharge.

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

RELIEF REQUESTED

Claimant requested compensatory and punitive damages in excess of \$2,600,000.00 and costs, including attorneys' fees.

Respondent requested that Claimant's claim be dismissed in its entirety and that the Panel award Respondent its costs and attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearing, Respondent made a Motion for a Directed Verdict because Claimant had not proven any exception to the employment at will doctrine. Claimant responded that there were questions of fact to be resolved. After due deliberation, the Panel denied the Motion for a Directed Verdict.

During the hearing, Respondent made a Motion to Bifurcate the proceedings on the issues of liability and damages. After due deliberation, the Panel granted the Motion to Bifurcate.

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. Claimant's claims are denied in their entirety.
2. 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:

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|--------------------------|-------------|
| Initial claim filing fee | = \$ 500.00 |
|--------------------------|-------------|

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 event giving rise to the dispute. Accordingly, H & R Block Financial Advisors, Inc., is a party.

| | |
|-------------------------|--------------|
| Member surcharge | = \$2,800.00 |
| Pre-hearing process fee | = \$ 750.00 |
| Hearing process fee | = \$5,000.00 |

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:

| | |
|-----------------------------------------------------------------|--------------|
| One (1) Pre-hearing session with a single arbitrator @ \$450.00 | = \$ 450.00 |
| Pre-hearing conference: December 12, 2006 | 1 session |
| Two (2) Pre-hearing sessions with Panel @ \$1,200.00 | = \$2,400.00 |
| Pre-hearing conferences: August 9, 2006 | 1 session |
| August 21, 2006 | 1 session |
| Four (4) Hearing sessions @ \$1,200.00 | = \$4,800.00 |
| Hearing Dates: December 18, 2006 | 2 sessions |
| December 19, 2006 | 2 sessions |
| Total Forum Fees | = \$7,650.00 |

For the forum fees associated with the August 9 and 21, 2006 pre-hearing conferences as follows:

1. The Panel has assessed \$1,200.00 of the forum fees against Claimant.
2. The Panel has assessed \$1,200.00 of the forum fees against Respondent.

For the remainder of the forum fees:

1. The Panel has assessed \$5,250.00 of the forum fees against Claimant.

Fee Summary

1. Claimant is solely liable for:

| | |
|-------------------------------------|--------------|
| Initial Filing Fee | = \$ 500.00 |
| Forum Fees | = \$6,450.00 |
| Total Fees | = \$6,950.00 |
| Less payments | = \$1,700.00 |
| Balance Due NASD Dispute Resolution | = \$5,250.00 |

2. Respondent is solely liable for:


| | |
|-------------------------------------|--------------|
| Forum Fees | = \$1,200.00 |
| Member Fees | = \$8,550.00 |
| Total Fees | = \$9,750.00 |
| Less payments | = \$8,550.00 |
| Balance Due NASD Dispute Resolution | = \$1,200.00 |

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

| | | |
|--------------------------|---|------------------------------------------|
| Rochelle K. Kaplan, Esq. | - | Public Arbitrator, Presiding Chairperson |
| Carole D. Green, Esq. | - | Public Arbitrator |
| Denis C. Dice, Esq. | - | Non-Public Arbitrator |

Concurring Arbitrators' Signatures



Rochelle K. Kaplan, Esq.
Public Arbitrator, Presiding Chairperson

1/5/07

Signature Date

Carole D. Green, Esq.
Public Arbitrator

Signature Date

Denis C. Dice, Esq.
Non-Public Arbitrator

Signature Date

January 10, 2007

Date of Service (For NASD Dispute Resolution use only)

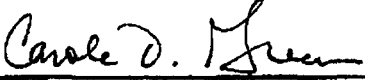
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