

N.A.S.D. REGULATION, INC. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

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In the Matter of the Arbitration Between

Name of Claimant

Sarah Williams Vick

96-03094

Name of Respondents

Scott & Stringfellow, Inc.

Daniel S. Little

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**REPRESENTATION**

Claimant Sarah Williams Vick ("claimant") appeared Pro Se.

For respondents Scott & Stringfellow, Inc. ("S&S") and Daniel S. Little ("Little") appeared their representative Elizabeth F. Edwards, Esq. of the law firm fo McGuire, Woods, Battle & Boothe located in Richmond, Virginia.

**CASE INFORMATION**

Statement of Claim filed: July 19, 1996.

Claimant's Submission Agreement signed on: July 15, 1996.

A Joint Statement of Answer filed by respondents S&S and Little on: October 2, 1996.

Respondent S&S's Submission Agreement signed on: September 25, 1996.

Respondent Little's Submission Agreement signed on: September 24, 1996.

**HEARING INFORMATION**

Hearing Dates/Sessions: February 19, 1997 one session

The hearing was conducted at the offices of NASD Regulation, Inc. located at 33 Whitehall Street in New York, New York.

### CASE SUMMARY

Claimant alleged that she and her sister became the beneficiaries to an annuity through Providian Life Insurance upon their mother's death on February 14, 1995. Claimant further alleged that because of the annuity she and her sister met with respondent Little, an employee of respondent S&S, to discuss investment options because their mother had confidence in him. Claimant also alleged that Little recommended that they remove the money from the annuity as it was the only option which would prevent the loss of money. Claimant contended that Little stated that the tax implications of this would be no more than \$300 - \$400 each and did not inquire as to whether they had a tax advisor to consult. Claimant further contended that based on his representations, they removed the money from the annuity after which Little mailed a letter indicating that they may need to seek tax advice. Claimants also contended that Little sent each of them a check for over \$91,000.00 despite instructing him not to mail the checks to their houses. Claimant asserted that she and her sister attempted to get investment advice from Little but that he was never available.

Claimant asserted that in January of 1996 she received a tax bill from the IRS indicated she had just over \$56,000.00 in taxable income and that Little stated the bill was incorrect. Claimant further asserted that the tax liability was over \$14,305.00. Claimant also asserted that as a result of Little's improper tax advice, she has suffered a loss for which the respondents should be held liable.

Respondents S&S and Little maintained that in 1982, claimant's mother, Eleanor Williams, invested approximately \$70,000.00 in an annuity with Little who was an registered representative at S&S. Respondents further maintained that Eleanor Williams died in 1995 and that her husband contacted him to discuss his wife's estate. Respondents also maintained that Mr. Williams directed Little to obtain forms necessary to collect the annuity benefits and to contact his daughters. Respondents contended that he met with claimant who informed him that she wanted to use the money for her children's college education. Respondents further contended that Little informed claimant that his understanding of her cost basis in the Annuity is that it would be stepped up to the value of the contract on the date of her mother's death. Respondents also contended that Little's practice is to inform client that he is not a tax advisor and to suggest that an account be contacted to obtain tax advice. Respondents asserted that claimant is not, and has never been, an account holder with S&S. Respondents further asserted that as a result of the above, they should not be held liable.

### RELIEF REQUESTED

Claimant requested \$14,305.00 in actual damages.

Respondents requested that the claims be dismissed in their entirety plus costs and other relief as the panel deems just and proper.

**OTHER ISSUES CONSIDERED & DECIDED**

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. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

**AWARD**

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Scott & Stringfellow, Inc. and Daniel S. Little be and hereby are jointly and severally liable and shall pay to claimant Sarah William Vick \$2,500.00 in actual damages.
2. The parties shall bear their respective attorney's fees and costs.
3. All other relief requests are denied.

**FORUM FEES**

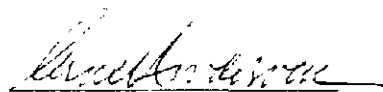
Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$100.00 non-refundable filing fee previously deposited by claimant and have assessed the following forum fees:

one sessions x \$300.00	= \$300.00
minus claimant's \$300.00 deposit	= <u>\$300.00</u>
total outstanding	= \$ 0.00

Respondents Scott & Stringfellow, Inc. and Daniel S. Little be and are hereby jointly and severally liable for the sum of \$300.00 representing the total amount of forum fees assessed. Therefore, respondents shall pay to claimant Sarah W. Vick \$300.00 as reimbursement of the hearing session deposit.

ARBITRATORS' SIGNATURES

I, Arne Hovdesven, Esq., do hereby swear or affirm, that I am the individual described herein, and who executed this instrument which is my oath award.



Arne Hovdesven, Esq.  
Public Chairperson

I, John Angermayer, do hereby swear or affirm, that I am the individual described herein, and who executed this instrument which is my oath award.

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John Angermayer  
Public Arbitrator

I, Samuel Rankin, do hereby swear or affirm, that I am the individual described herein, and who executed this instrument which is my oath award.

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Samuel Rankin  
Industry Arbitrator

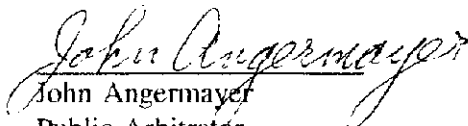
Date of Decision: April 8, 1997

ARBITRATORS' SIGNATURES

I, Arne Hovdesven, Esq., do hereby swear or affirm, that I am the individual described herein, and who executed this instrument which is my oath award.

\_\_\_\_\_  
Arne Hovdesven, Esq.  
Public Chairperson

I, John Angermayer, do hereby swear or affirm, that I am the individual described herein, and who executed this instrument which is my oath award.

  
John Angermayer  
Public Arbitrator

I, Samuel Rankin, do hereby swear or affirm, that I am the individual described herein, and who executed this instrument which is my oath award.

\_\_\_\_\_  
Samuel Rankin  
Industry Arbitrator

Date of Decision: April 8, 1997

ARBITRATORS' SIGNATURES

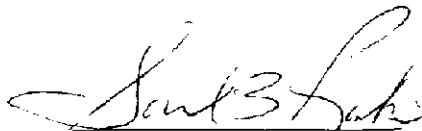
I, Arne Hovdesven, Esq., do hereby swear or affirm, that I am the individual described herein, and who executed this instrument which is my oath award.

\_\_\_\_\_  
Arne Hovdesven, Esq.  
Public Chairperson

I, John Angermayer, do hereby swear or affirm, that I am the individual described herein, and who executed this instrument which is my oath award.

\_\_\_\_\_  
John Angermayer  
Public Arbitrator

I, Samuel Rankin, do hereby swear or affirm, that I am the individual described herein, and who executed this instrument which is my oath award.

  
\_\_\_\_\_  
Samuel Rankin  
Industry Arbitrator

Date of Decision: April 8, 1997