

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Scott Schultz and Schultz Investment Advisors, Inc. vs. Kathy Bradford, Dominion Investor Services, Inc., and Dominion Financial Advisors, Inc. (97-5591)

and

Scott Schultz and Schultz Investment Advisors, Inc. vs. Dominion Investor Services, Inc., and Dominion Financial Advisors, Inc. (97-4981)

Case Number: 97-5591 & 97-4981 (consolidated) Hearing Site: Detroit, Michigan

REPRESENTATION OF PARTIES

Claimants, Scott Schultz ("Schultz") and Schultz Investment Advisors, Inc., ("SIA") hereinafter collectively referred to as "Claimants": Mark Kowalsky, Esq., Hertz, Schram & Saretsky, P.C., Bloomfield Hills, Michigan.

Respondent, Kathy Bradford a/k/a Kathy Colby ("Colby"): Joseph H. Spiegel, Esq., Southfield, Michigan.

Respondents Dominion Investor Services, Inc., and Dominion Financial Advisors, Inc., hereinafter referred to as "the Dominion Respondents": George Bromley, Esq., San Antonio, Texas.

CASE INFORMATION

Statement of Claim filed on or about: October 16, 1997 (97-4981)

Statement of Claim filed on or about: November 10, 1997 (97-5591)

Claimants' Amended Statement of Claim filed on or about: June 1, 1998 (97-5591)

Claimant, Scott Schultz, signed the Uniform Submission Agreement: October 29, 1997

Claimant, Schultz Investment Advisors, Inc., signed the Uniform Submission Agreement: October 29, 1997

Claimants' Response in Opposition to Dominion Respondents' Motion to Dismiss filed on or about: August 19, 1998

Claimants' Motion to Dismiss Respondent Colby's Counterclaim filed on or about: August 26, 1998

Claimants' Motion to Dismiss Dominion Respondents' Counterclaim filed on or about: August 28, 1998

Claimants' Response to Respondent Colby's Counterclaim filed on or about: March 3, 1999

Statement of Answer filed by Respondent, Colby, on or about: July 21, 1998

Counterclaim filed by Respondent Colby on or about: July 21, 1998

Colby's Motion for Leave to Amend Statement of Claim filed on or about: August 18, 1998
Respondent, Colby, signed the Uniform Submission Agreement: June 5, 1998
Respondent Colby's Response to Claimants' Motion to Dismiss Respondent Colby's Counterclaim filed on or about: September 17, 1998

Statement of Answer filed by the Dominion Respondents on or about: July 14, 1998
Respondent, Dominion Financial Advisors, Inc., signed the Uniform Submission Agreement: July 14, 1998
Dominion Respondents' Counterclaim filed on or about: July 14, 1998
Dominion Respondents' Motion to Dismiss filed on or about: July 14, 1998
Dominion Respondents' Response to Claimants Opposition to Dominion Respondents' Motion to Dismiss filed on or about: August 25, 1998
Dominion Respondents' Response to Claimants' Motion to Dismiss Dominion Respondents' Counterclaim filed on or about: September 24, 1998
Dominion Respondents' Motion for Leave to Amend Counterclaim filed on or about: September 24, 1998

CASE SUMMARY

Claimants asserted that Respondent Colby breached her agreement with Claimants to use her "best efforts" in the management of Claimant SIA's assets. Claimants further alleged that the Dominion Respondents, working with Respondent Colby improperly moved SIA's clients to Dominion Investor Services Inc.'s investment advisor, Dominion Financial Advisors, Inc.

Unless specifically admitted in her Answer, Respondent Kathy Colby denied the allegations made in the Statement of Claim. Respondent Kathy Colby claims that there is no cause of action for a breach of settlement agreement, as alleged by Claimants, based upon by Claimants' failure to abide by in any way, manner or form, the terms and conditions of the settlement agreement. Colby filed a counterclaim alleging, among other things, sexual harassment, tortious interference with business, violation of copyright law defamation and violation of civil rights. Colby alleges that Claimants, Schultz and SIA, engaged in a pattern of abusive behavior when Respondent attempted to leave his employment, including filing frivolous claims against her and her customers. Respondent alleges that Claimants file, and dismiss on a repeated basis, frivolous claims, and that Claimant Schultz has been personally vindictive in his acts and actions.

Unless specifically admitted in their Answer, the Dominion Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: SIA has no justiciable cause of action against Dominion Respondents based on, but not limited to the fact that SIA's representatives who did not choose to change their broker dealer were terminated by SIA; and SIA's self termination of its representatives does not create a cause of action against the Dominion Respondents for which this Forum may grant SIA's request for relief. The Dominion Respondents asserted Counterclaims for defamation.

RELIEF REQUESTED

Claimants requested: unspecified amount of losses and expenses incurred as a result of Respondent Colby's and Dominion Respondents' breach of contract.

Respondent Colby requested at hearing that the Panel award a "no cause of action" on Claimants' allegations of breach of settlement agreement, and for her counterclaims sought \$548,732.43 for pain and suffering, loss of work, exemplary damages, damages arising out of filing claims against Colby's clients, civil rights violations, copyright damages, personal costs, attorneys' fees in defense and prosecution of various claims and in defending against frivolous actions. In her Counter-Claim, Respondent Colby had requested, from Claimants, damages of \$3,000,000.00 plus attorneys' fees, costs and interest.

The Dominion Respondents requested an award against Claimants including: exemplary damages, plus compensatory damages of \$810.20; plus reasonable and necessary attorney's fees and costs, plus such other and further relief, both at law and equity.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Dominion Investor Services, Inc., did not file with the NASD Regulation, Inc. Office of Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

NASD arbitration numbers 97-5591 and 97-4981 have been consolidated pursuant to the Code Rule 10314(d).

The Panel denied Claimants' Motion to Dismiss Respondent Colby's Counterclaim.

The Panel denied Claimants' Motion to Dismiss Dominion Respondents' Counterclaim.

The Panel denied Respondent Colby's Motion for Leave to Amend Statement of Claim.

The Panel denied the Dominion Respondents' Motion to Dismiss.

The Panel granted the Dominion Respondents' Motion for Leave to Amend Counterclaim.

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.

The Panel granted Respondent Colby's oral Motion to Change Her Name From Bradford to Colby.

The Panel granted Respondent Colby's Motion for Sanctions presented at the hearing.

The Panel denied Claimants' Motion for Sanctions presented at the hearing.

The Panel denied Claimants' oral request at hearing that the Panel recuse themselves.

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, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

A. Findings of Fact:

- 1.) Claimant Scott Schultz and Respondent Kathy Colby both lacked credibility as witnesses;

B. Rulings

- 1.) Claimants' claims are, each and all, dismissed with prejudice;
- 2.) The Counterclaims of Respondent Colby are, each and all, dismissed with prejudice;
- 3.) Claimant Schultz Investment Advisors, Inc. is liable for and shall pay to Dominion Investor Services the sum of \$810.20;
- 4.) Claimant Schultz Investment Advisors, Inc. is liable for and shall pay to Dominion Investor Services interest, per statute, to be calculated at 6%, beginning to accrue on July 14, 1998, until paid in full;
- 5.) Claimant Schultz Investment Advisors, Inc. is liable for and shall pay to Dominion Investor Services costs of \$1,700.00;
- 6.) Fees for depositions are to be paid pursuant to the Panel's Order of March 20, 2000 (1/2 to Claimants jointly and severally, 1/4 to Respondent Colby, and 1/4 to Respondents Dominion Investor Services, Inc. and Dominion Financial Advisors, Inc.);
- 7.) Respondent Scott Schultz, individually, is sanctioned for failure to provide to provide tax returns pursuant to the Panel's Discovery Order. Respondent Scott Schultz is hereby liable for \$1,000.00 and shall pay: \$500.00 to Kathy Colby, \$250.00 to Respondent Dominion Investor Services, Inc. and \$250.00 to Respondent Dominion Financial Advisors, Inc.;

- 8.) That other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
- 9.) That any relief not specifically enumerated, including punitive and exemplary damages is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Claimants' Initial Claim filing fees (97-5591)	= \$ 250.00
Claimants' Initial Claim filing fees (97-4981)	= \$ 250.00
Colby's Counterclaim filing fee (97-5591)	= \$ 250.00
Dominion Respondents' Counterclaim filing fee (97-5591)	= \$ 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(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party.

Member Surcharge (97-5591)	= \$ 1,200.00
Member Surcharge (97-4981)	= \$ 1,200.00

Adjournment Fees

Adjournments requested during these proceedings:

November 13, 1998, requested by Claimants	= \$ 1,000.00 (waived)
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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. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator x \$300.00 = \$ 600.00

Pre-hearing conferences:	March 9, 1999	1 session
	March 20, 2000	1 session

Four (4) Pre-hearing sessions with Panel x \$1,000.00 = \$ 4,000.00

Pre-hearing conferences:	October 1, 1998	1 session
	February 25, 1999	1 session
	August 12, 1999	1 session
	January 5, 2000	1 session

Thirty-two (32) Hearing sessions x \$1,000.00 = \$32,000.00

Hearing Dates:	March 15, 1999	1 session
	March 16, 1999	2 sessions
	March 17, 1999	2 sessions
	May 4, 1999	2 sessions
	May 5, 1999	2 sessions
	May 6, 1999	2 sessions
	May 7, 1999	2 sessions
	July 6, 1999	2 sessions
	July 7, 1999	2 sessions
	July 8, 1999	1 sessions
	February 14, 2000	3 sessions
	February 15, 2000	3 sessions
	February 16, 2000	3 sessions
	February 17, 2000	1 session
	April 3, 2000	2 sessions
	April 4, 2000	2 sessions

Total Forum Fees = \$ 36,600.00

The Panel has assessed \$24,400.00 of the forum fees jointly and severally to Scott Schultz and Schultz Investment Advisors, Inc.

The Panel has assessed \$12,200.00 of the forum fees to Kathy Colby

Fee Summary

Claimants, Scott Schultz and Schultz Investment Advisors, Inc., be and hereby are jointly and severally liable for:

Initial Filing Fees	= \$ 500.00
<u>Forum Fees</u>	<u>= \$ 24,400.00</u>
Total Fees	= \$ 24,900.00
<u>Less payments</u>	<u>= \$ 3,000.00</u>
Balance Due NASD Regulation, Inc.	= \$ 21,900.00

Respondent, Kathy Colby, be and hereby is solely liable for:

Counterclaim Filing Fee	= \$ 250.00
<u>Forum Fees</u>	<u>= \$ 12,200.00</u>
Total Fees	= \$ 12,450.00
<u>Less payments</u>	<u>= \$ 1,850.00</u>
Balance Due NASD Regulation, Inc.	= \$ 10,600.00

Respondent, Dominion Investor Services, Inc., be and hereby is solely liable for:

<u>Member Fees</u>	<u>= \$ 2,400.00</u>
Total Fees	= \$ 2,400.00
<u>Less payments</u>	<u>= \$ 950.00</u>
Balance Due NASD Regulation, Inc.	= \$ 1,450.00

Respondents, Dominion Investor Services, Inc. and Dominion Financial Advisors, Inc.,
be and hereby are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 500.00
Total Fees	= \$ 500.00
Less payments	= \$ 500.00
Balance Due NASD Regulation, Inc.	= \$ 0.00

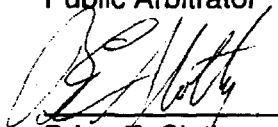
Concurring Arbitrators' Signatures

Laurence M. Scoville, Jr., Esq.
Public Arbitrator, Presiding Chair

Signature Date

Frederick F. Fordon
Public Arbitrator

Signature Date



Brian E. Slotky
Industry Arbitrator



Signature Date

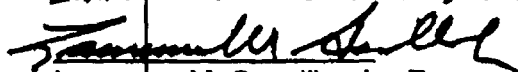
Date of Service (For NASD office use only)

Respondents, Dominion Investor Services, Inc. and Dominion Financial Advisors, Inc.,
be and hereby are jointly and severally liable for:

Counterclaim Filing Fee	= \$ 500.00
Total Fees	= \$ 500.00
Less payments	= \$ 500.00
Balance Due NASD Regulation, Inc.	= \$ 0.00

Concurring Arbitrators' Signatures

LAURENCE M. SCOVILLE, JR., LLC


by Laurence M. Scoville, Jr., Esq.
Public Arbitrator, Presiding Chair

May 10, 2000
Signature Date

Frederick F. Fordon
Public Arbitrator

Signature Date

Brian E. Slotky
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

Respondents, Dominion Investor Services, Inc. and Dominion Financial Advisors, Inc.,
be and hereby are jointly and severally liable for:

<u>Counterclaim Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 500.00
<u>Balance Due NASD Regulation, Inc.</u>	= \$ 0.00

Concurring Arbitrators' Signatures

Laurence M. Scoville, Jr., Esq.
Public Arbitrator, Presiding Chair

Signature Date

Frederick F. Fordon
Frederick F. Fordon
Public Arbitrator

5/9/00
Signature Date

Brian E. Slotky
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)