Award

NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Interstate/Johnson Lane Corporation n/k/a
Wachovia Securities, Inc.

Case No. 98-00142

Names of Respondents

Robert L. Gregory, Jr.
Carol Ann D. Gregory

In the Matter of the Arbitration Between

Names of Claimants

Robert L. Gregory, Jr.
Carol Ann D. Gregory

Case No. 00-00894

Names of Respondents

Patrick Thomas McShea
Wachovia Securities, Inc. f/k/a
Interstate/Johnson Lane Corporation

REPRESENTATION OF PARTIES

For Wachovia Securities, Inc. f/k/a Interstate/Johnson Lane Corporation ("Wachovia") and Patrick Thomas McShea ("McShea"): Pamela P. Warnement, Senior Vice President and Deputy General Counsel, Wachovia, Charlotte, North Carolina.

For Robert L. Gregory, Jr. ("Robert Gregory") and Carol Ann D. Gregory ("Carol Gregory"): Mitchell Willoughby, Esq., Willoughby & Hoefer, P.A., Columbia, South Carolina.

CASE INFORMATION

Statement of Claim in Case # 98-142 filed on or about: January 27, 1998.
Amended Statement of Claim in Case #98-142 filed on or about: January 14, 2000.
Wachovia signed the Uniform Submission Agreement on: January 9, 1998.
Statement of Answer filed by Robert Gregory and Carol Gregory on or about: July 31, 2000.
Robert Gregory and Carol Gregory did not file executed Uniform Submission Agreements.

Statement of Claim in Case # 00-894 filed on or about: February 29, 2000.
Robert Gregory signed the Uniform Submission Agreement on: March 14, 2000.
Carol Gregory signed the Uniform Submission Agreement on: March 14, 2000.
Statement of Answer filed by Wachovia Securities and McShea on or about: May 23, 2000.
Wachovia signed the Uniform Submission Agreement on: May 22, 2000.
McShea signed the Uniform Submission Agreement on: May 19, 2000.

CASE SUMMARY

Robert Gregory and Carol Gregory asserted the following causes of action: 1) breach of contract; 2) excessive trading and churning; 3) breach of fiduciary duty; 4) negligence, gross negligence, recklessness, willful and wanton misconduct, and violations of the rules of the NYSE and the NASD; 5) failure to supervise; 6) fraud, constructive fraud and fraudulent concealment; 7) unauthorized trading and conversion; 8) suitability; 9) violations of the South Carolina Uniform Securities Act; 10) violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 of the Securities and Exchange Commission; 11) violations of the South Carolina Unfair Trade Practices Act; and 12) violations of federal civil racketeering laws through the commission of mail fraud and wire fraud. The causes of action relate to substantial losses incurred by Robert Gregory and Carol Gregory in connection with heavy trading activity of securities in their account.

Unless specifically admitted in their Answer, Wachovia Securities and McShea denied the allegations made in the Statement of Claim and asserted the following defenses: 1) Robert Gregory and Carol Gregory waived their right to object to the transactions in their account; 2) Robert Gregory and Carol Gregory ratified the transactions in their account; 3) Robert Gregory and Carol Gregory are barred from recovery by the doctrine of estoppel; 4) Robert Gregory and Carol Gregory assumed the risks of loss in connection with the transactions in their account; 5) Robert Gregory and Carol Gregory were contributorily negligent and proximately caused the losses in their account; 6) Robert Gregory and Carol Gregory were comparatively negligent and are responsible for the losses in their account; 7) Robert Gregory and Carol Gregory failed to mitigate their damages; and 8) Robert Gregory and Carol Gregory are barred from recovery by the applicable statutes of limitations or statutes of repose.

Wachovia asserted a cause of action for declaratory relief and requested a determination of the matters in controversy filed by Carol Gregory against Wachovia in the United States District Court for the District of South Carolina. The matters in controversy relate to substantial losses incurred by Robert Gregory and Carol Gregory in connection with heavy trading activity of securities in their account.

Unless specifically admitted in their Answer, Robert Gregory and Carol Gregory denied the allegations made in Wachovia's Amended Statement of Claim and asserted that Wachovia is barred from seeking declaratory relief as said claims were adjudicated in federal court.

RELIEF REQUESTED

Robert Gregory and Carol Gregory requested: 1) compensatory damages in the amount of $328,518.00; 2) consequential damages in the amount of $423,238.00; 3) punitive damages; 4) interest; 5) costs; 6) attorneys' fees; 7) such other relief the undersigned arbitrators (the "Panel") deemed just and proper; and 8) dismissal of the Amended Statement of Claim filed by Wachovia.

Wachovia requested: 1) a determination of the matters in controversy filed by Carol Gregory against Wachovia in the United States District Court for the District of South Carolina; 2) costs; and 2) attorneys' fees.

Wachovia and McShea requested dismissal of the Statement of Claim filed by Robert Gregory and Carol Gregory.

OTHER ISSUES CONSIDERED AND DECIDED

On or about May 23, 2000, Wachovia filed its motion to consolidate wherein Wachovia requested consolidation of NASD Arbitration No. 00-894 with NASD Arbitration No. 98-142. On or about August 4, 2000, the Panel granted the motion to consolidate.

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 (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Wachovia and McShea are liable, jointly and severally, and shall pay to Robert Gregory and Carol Gregory, jointly, compensatory damages in the amount of $150,937.50, plus interest which shall begin to accrue as of February 14, 2001, at the statutory rate under South Carolina law of eight and three-quarters percent (8.75%) per annum, and shall continue to accrue until the Award is paid in full.

2. Wachovia and McShea are liable, jointly and severally, and shall pay to Robert Gregory and Carol Gregory, jointly, the sum of $27,788.92 representing reimbursement of costs.

3. Robert Gregory's and Carol Gregory's requests for attorneys' fees and punitive damages are denied.

4. Wachovia's request for attorneys' fees is denied.

5. All other requests for relief not specifically addressed herein are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure, the following fees are assessed:

Filing Fees

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

Initial claim filing fee 98-142 (Wachovia)	= $500.00
Initial claim filing fee 00-894 (Robert Gregory and Carol Gregory)	= $375.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) 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 98-142	= $1,200.00
Member surcharge 00-894	= $2,000.00
Pre-hearing process fee 98-142	= $ 600.00
Pre-hearing process fee 00-894	= $ 600.00
Hearing process fee 98-142	= $3,500.00

Adjournment Fees

Adjournments requested during these proceedings:

There were no adjournments requested during these proceedings.

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 Panel x $1,200.00			= $2,400.00
Pre-hearing conferences:	August 2, 2000	1 session	
	October 10, 2000	1 session	
Seven (7) Hearing sessions x $1,200.00			= $8,400.00
Hearing Dates:	January 8, 2001	1 session	
	February 12, 2001	2 sessions	
	February 13, 2001	2 sessions	
	February 14, 2001	2 sessions	
Total Forum Fees			= $10,800.00

The Panel has assessed the total forum fees of $10,800.00 jointly and severally to Wachovia and McShea.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Wachovia be and hereby is solely liable for:

Initial Filing Fee	= $ 500.00	
Member Fees	= $7,900.00	
Total Fees	= $8,400.00	
Less payments	= $8,400.00	
Balance Due NASD Dispute Resolution, Inc.		= $0.00

Robert Gregory and Carol Gregory be and hereby are jointly and severally liable for:

Initial Filing Fee	= $375.00	
Total Fees	= $375.00	
Less payments	= $375.00	
Balance Due NASD Dispute Resolution, Inc.		= $0.00

Wachovia and McShea be and hereby are jointly and severally liable for:

Forum Fees	= $10,800.00	
Total Fees	= $10,800.00	
Less payments	= $ 900.00	
Balance Due NASD Dispute Resolution, Inc.		= $9,900.00

All balances are payable to NASD Dispute Resolution, Inc. and are due immediately upon receipt of the Award by the parties.

Concurring Arbitrators' Signatures

/s/
Helen E. Clawson
Public Arbitrator, Presiding Chair

Signature Date

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Robert Gregory and Carol Gregory be and hereby are jointly and severally liable for:

Initial Filing Fee	= $375.00	
Total Fees	= $375.00	
Less payments	= $375.00	
Balance Due NASD Dispute Resolution, Inc.		= $0.00

Wachovia ~~and McShea be~~ and hereby are jointly and severally liable for:

Forum Fees	= $10,800.00	
Total Fees	= $10,800.00	
Less payments	= $ 900.00	
Balance Due NASD Dispute Resolution, Inc.		= $9,900.00

All balances are payable to NASD Dispute Resolution, Inc. and are due immediately upon receipt of the Award by the parties.

Concurring Arbitrators' Signatures

Helen E. Clawson
Helen E. Clawson
Public Arbitrator, Presiding Chair

March 12, 2001
Signature Date

Donald James Goodwin
Industry Arbitrator

3/12/01
Signature Date

William Reynolds Williams, Esq.
Public Arbitrator

Signature Date

Date of Service (For NASD-DR office use only)

Donald James Goodwin
Industry Arbitrator

Signature Date

William Reynolds Williams, Esq.
Public Arbitrator

3/9/01
Signature Date

Date of Service (For NASD-DR office use only)

/s/
Donald James Goodwin
Industry Arbitrator

Signature Date

/s/
William Reynolds Williams, Esq.
Public Arbitrator

Signature Date

March 13, 2001
Date of Service (For NASD-DR office use only)