

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Michael L. Bazzone, Jr. t/d/b/a/,
Bazzone Insurance Agency,
Claimant

v.

Nationwide Mutual Insurance Company
Nationwide Mutual Fire Insurance Company
Nationwide General Insurance Company
Nationwide Property and Casualty
Insurance Company, and
Nationwide Variable Life Insurance Company n/k/a
Nationwide Life and Annuity Company,
Ann Cook-Tarpey, individually,
Frank Castelli, individually,
Richard Garland, individually
Claudia Mutuala Hoehn, individually and
James Miller, individually,
Respondents

Case No. 99-00891

Hearing Location: Pittsburgh, Pennsylvania

REPRESENTATION OF PARTIES

Claimant Michael L. Bazzone, Jr. ("Claimant") was represented by Avrum Levicoff, Esq. and Dianne S. Wainwright, Esq. of the law firm of Brown and Levicoff, P.C., Pittsburgh, Pennsylvania.

Respondents Nationwide Mutual Insurance Company ("Nationwide Mutual"), Nationwide Mutual Fire Insurance Company ("Nationwide Mutual Fire"), Nationwide General Insurance Company ("Nationwide General") and Nationwide Property & Casualty Insurance ("Nationwide Property") and Nationwide Life & Annuity Company ("Nationwide Life") were represented by Eugene F. Assaf, Esq., of the law firm of Kirkland & Ellis, Washington, DC.

Respondents Ann Cook-Tarpey ("Cook-Tarpey"), Frank A. Castelli, Jr. ("Castelli, Jr."), Richard L. Garland ("Garland"), Claudia Mutuala Hoehn ("Mutuala Hoehn") and James Miller ("Miller") were represented by Eugene F. Assaf, Esq., of the law firm of Kirkland & Ellis, Washington, DC.

CASE INFORMATION

Statement of Claim was filed on March 2, 1999.

The Uniform Submission Agreement was signed by Claimant on February 19, 1999.

Statement of Answer was filed by all Respondents on May 11, 1999.

The Uniform Submission Agreement of Respondents Nationwide Mutual, Nationwide Mutual Fire, Nationwide General, Nationwide Property and Nationwide Life was executed by Thomas W. Dietrich, their Vice President and Associate General Counsel, on April 9, 1999.

The Uniform Submission Agreement was signed by Respondent Cook-Tarpey on March 26, 1999.

The Uniform Submission Agreement was signed by Respondent Francis A. Castelli on March 25, 1999.

The Uniform Submission Agreement was signed by Respondent Mutuala Hoehn on April 1, 1999.

The Uniform Submission Agreement was signed by Respondent Garland on April 6, 1999.

The Uniform Submission Agreement was signed by Respondent Miller on March 30, 1999.

CASE SUMMARY

Claimant alleged, among other things, the following causes of action: violations of Fair Housing Act, breach of contract, tortious interference with existing and prospective contractual relations.

Claimants trades and does business as a Nationwide Insurance agent, individually and as the Bazzone Insurance Agency. Individual Respondents are or have been employees of one of the Nationwide Insurance Companies.

In his Statement of Claim, Claimant alleged that Nationwide engaged in a practice known as "redlining," e.g., withholding the availability and sale of goods or services to persons based on their geographical location, which is determined by income, marital status and/or ethnicity. Further, Claimant alleged that Nationwide coerced and compelled its agents to move their agencies to neighborhoods predominantly populated by married, affluent, non-minority persons. Claimant stated that the area in which he did business was predominantly populated by lower income minority residents and that Respondents have systematically prohibited and discouraged him from doing business in those areas.

Claimant claimed that, as a result of Nationwide's practices, he lost business, lost profits and goodwill, had his business reputation impaired and that his agency's value was severely

impaired or destroyed.

Unless specifically admitted in its Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant failed to state a claim upon which relief can be granted; Claimant lacked standing to bring these claims; Respondents' acts were not the proximate cause of Claimant's alleged injuries; Claimant's claim is barred by the applicable statutes of limitation; Claimant's claims fail because this action is not prosecuted in the names of all real parties in interest; Claimant failed to join indispensable parties; Claimant's claims are barred by the doctrine of estoppel; Claimant's claims are barred by the doctrine of unclean hands; Claimant's claims for punitive damages violate the Excessive Fines and Penalties Clause of the United States Constitution and the Pennsylvania Constitution; Claimant's claims for punitive damages violate the Due Process Clause of the United States Constitution and the Pennsylvania Constitution.

RELIEF REQUESTED

Claimant, in his pleading, requested:

Compensatory Damages	\$2,000,000
Punitive Damages	Amount not specified
Interest	Terms not specified, but including pre-judgment interest
Attorneys' Fees	Amount not specified
Other Costs	Amount not specified
Other Monetary/Non-Monetary Relief if any:	A Restraining Order prohibiting Respondents from continuing to "redline" and restraining Respondents from "continuing to injure and impair Claimant's Business"

Respondents, in their Answer, requested that the Statement of Claim be dismissed and that Respondents be awarded:

Attorneys' Fees	Amount not specified
Other Costs	Amount not specified

OTHER ISSUES CONSIDERED AND DECIDED

Claimant made a Motion for Sanction, which was dismissed.

Respondents made a Motion to Suppress Subpoenas, which was affirmed in part and dismissed in part.

Respondents made an oral Motion for Summary Judgment, which was dismissed.

NASD Dispute Resolution, Inc. ("NASD DR") was informed in a letter sent by Respondents' counsel and dated October 19, 2000 that the parties had agreed to a settlement in principle and were working to draft settlement agreement. Subsequently, NASD DR was informed by letter from Respondents' counsel dated November 10, 2000 that the settlement agreement between the parties had fallen through and that the parties were again looking to the NASD DR panel for a decision.

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. That Claimant's claim for compensatory damages is denied in its entirety.
2. That Claimant's claim for punitive damages is denied in its entirety.
3. That the parties shall bear their respective costs and attorneys' fees except as Fees are specifically addressed herein.
4. That any and all claims for relief not specifically addressed herein are denied in their entirety.

FEES

Pursuant to the Code, 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	= \$500
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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 at the time of the events giving rise to the dispute. In this matter, the member firm is Nationwide Advisory.

Member surcharge	= \$2,500
Pre-hearing process fee	= 600
Hearing process fee	= \$4,500

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:

1 Pre-hearing session with a single arbitrator x \$300	= \$ 300
Pre-hearing conferences: July 18, 2000	1 session
1 Pre-hearing session with Panel x \$1,000	= \$1,000
Pre-hearing conference: September 14, 1999	1 session
6 Hearing sessions x \$1,000	= <u>\$6,000</u>
Hearing Dates: October 16, 2000	2 sessions
October 17, 2000	2 sessions
October 18, 2000	2 sessions
Total Forum Fees	= \$7,300

The Panel has assessed 50% of the forum fees in the amount of \$3,650 to Claimant Michael L. Bazzone, Jr.

The Panel has assessed 50% of the forum fees in the amount of \$3,650 jointly and severally to Respondents Nationwide Mutual Insurance Co., Nationwide Mutual Fire Insurance Company, Nationwide General Insurance Company, Nationwide Property and Casualty Insurance Company and Nationwide Variable Life Insurance Company n/k/a Nationwide Life and Annuity Company.

Fee Summary

Claimant, Michael L. Bazzone, Jr., is assessed the following fees:

Initial Filing Fee	= \$ 500
<u>Forum Fees</u>	= <u>\$3,650</u>
Total Fees	= \$4,150
<u>Less payments</u>	= <u>\$1,500</u>
Balance Due NASD Dispute Resolution, Inc.	= \$2,650

Respondents Nationwide Mutual Insurance Co., Nationwide Mutual Fire Insurance Company, Nationwide General Insurance Company, Nationwide Property and Casualty Insurance Company and Nationwide Variable Life Insurance Company n/k/a Nationwide Life and Annuity Company are jointly and severally liable for:

<u>Forum Fees</u>	= <u>\$3,650</u>
Total Fees	= \$3,650
Less payments	= \$3,650
Balance Due NASD Dispute Resolution, Inc.	= \$0

All balances are due and payable to NASD Dispute Resolution, Inc.

FROM: Andrew L. Weil

FAX NO. : 941 485 5084

Jan. 25 2001 08:41AM P6

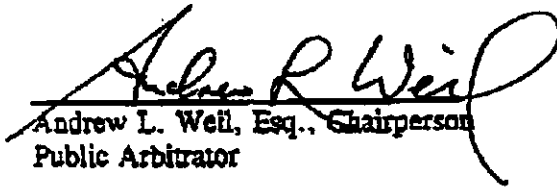
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NASD Dispute Resolution, Inc.
Arbitration No. 99-00891
Award Page 7

Concurring Arbitrators' Signatures


Andrew L. Weil, Esq., Chairperson
Public Arbitrator

1-25-2001
Signature Date

James G. Park, Esq., Panelist
Public Arbitrator

Signature Date

Gordon F. Linke, Panelist
Non Public Arbitrator

Signature Date

1/26/01
Date of Service (For NASD-DR office use only)

FROM : JAMES G PARK, ESQ

FAX NO. : 412-561-8854

Jan. 24 2001 07:43 PM P2

01/24/2001 10:22 From-NASD

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T-886 P.008/008 F-667

NASD Dispute Resolution, Inc.

Arbitration No. 00-00891

Award Page 7

Concurring Arbitrators' Signatures

Andrew L. Weil, Esq., Chairperson
Public Arbitrator

Signature Date



James G. Park, Esq., Panelist
Public Arbitrator

1/24/01

Signature Date

Gordon F. Link, Panelist
Non Public Arbitrator

Signature Date

1/26/01

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

FROM :

FAX NO. :

DATE: 1/24/01 P1

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Arbitration No. 99-00891
Award Page 7


Concerning Arbitrators' Signatures

Andrew L. Weil, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

James G. Park
Public Arbitrator, Panelist

Signature Date



Gordon F. Linke
Non Public Arbitrator, Panelist

1/24/01
Signature Date

1/26/01
Date of Service (For NASD-DR office use only)

January 22, 2001

Gordon F. Linke