

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Derrick H. Richardson

Case No. 99-05217

Name of Respondents

Intersecurities, Inc.
Aegon USA, Inc.
Western Reserve Assurance Co. of Ohio
AUSA Life Insurance Company, Inc.
Diversified Investment Advisors

Hearing Site: Washington, D.C.

REPRESENTATION OF PARTIES

Claimant, Derrick H. Richardson ("Claimant") was represented by: David C. Simmons, Attorney at Law, Washington, D.C., and Mark Hirlihy, Attorney at Law, Washington, D.C.

Respondents, Intersecurities, Inc. ("ISI"), Aegon USA, Inc. ("Aegon"), Western Reserve Assurance Company, Inc. ("Western Reserve"), AUSA Life Insurance Company, Inc. ("AUSA Life"), and Diversified Investment Advisors ("DIA"), hereinafter collectively referred to as "Respondents" were represented by: Sarah B. Estes, Esq. and Valerie S. Sanders, Sutherland Asbill I Brennan LLP, Atlanta, GA.

CASE INFORMATION

Statement of Claim filed on: November 17, 1999.

Claimant signed the Uniform Submission Agreement on: November 8, 1999.

Statement of Answer filed by Respondents ISI, AUSA Life, DIA, and Aegon, on: March 13, 2000.

Respondents ISI, AUSA Life, DIA, and Aegon filed a Correction to Response to Statement of Claim on: March 14, 2000.

Statement of Answer filed by Respondent Western Reserve on: May 16, 2000.

Respondent ISI signed the Uniform Submission Agreement: March 16, 2000.

Respondent Aegon signed the Uniform Submission Agreement: April 3, 2000.

Respondent AUSA Life signed the Uniform Submission Agreement: April 3, 2000.

Respondent DIA signed the Uniform Submission Agreement: March 21, 2000.
Respondents ISI, Aegon, AUSA Life, and DIA filed a counterclaim on: March 13, 2000.
Claimant's Answer to Counterclaim was filed on March 22, 2000.

Claimant filed a Motion to Bar Respondent Western Reserve from Presenting Any
Matter, Arguments, or Defenses on: March 27, 2000.
Respondent Western Reserve filed an Opposition to the Motion to Bar on: May 16, 2000.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract; tortious interference with contract; racial discrimination; violation of 42 U.S.C. § 1981; conversion; failure to supervise; and, unjust enrichment. The causes of action relate to Claimant's business relationship with Respondents.

Unless specifically admitted in its Answer, Respondents ISI, AUSA Life, DIA, and Aegon denied the allegations made in the Statement of Claim and asserted the following defenses: Respondents were justified in terminating Claimant and withholding his commissions based on Claimant's actions and Respondents' contractual right to recover any claims, damages, and costs resulting from his misconduct; breach of contract; violation of NASD Rule 2110; and Claimant engaged in unauthorized business activities.

Unless specifically admitted in its Answer, Respondent Western Reserve incorporated by reference all denials of allegations and defenses submitted by the other Respondents in the action.

In the Counterclaim, Respondents ISI, AUSA Life, DIA, and Aegon asserted the following causes of action: breach of contract; indemnification; unjust enrichment; and, tortious interference with contract.

Unless specifically admitted in its Response to Counterclaim, Claimant denied the allegations made in the Counterclaim and asserted the following defenses: failure to supervise; Claimant did not churn the client's account or make unsuitable recommendations; Respondents had knowledge of his outside business activities; Respondents had knowledge of Claimant's tax liens; and, the Respondents' Counterclaim is barred by the Statute of Limitations.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$144,000
Punitive Damages	\$650,000
Interest	\$ 38,744
Attorneys' Fees	amount unspecified

Other Costs

amount unspecified

Respondents (ISI, AUSA Life, DIA, and Aegon) requested:

Compensatory Damages

amount unspecified

Attorneys' Fees

amount unspecified

Other Costs

amount unspecified

OTHER ISSUES CONSIDERED AND DECIDED

The Panel denied Claimant's Motion to Bar Western Reserve from presenting any defenses.

At the hearing, Respondents filed a Motion to Exclude Evidence of Claimant's Medical Condition as a Basis for Punitive Damages, which was denied by the Panel.

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) Respondents ISI and Western Reserve are jointly and severally liable to Claimant and shall pay to the Claimant the sum of \$104,639.59, plus 8% interest on that amount, compounded quarterly, accruing from March 19, 1998 through the date the award is paid in full. The Panel did not award Claimant damages on his racial discrimination claim;
- 2) Respondents ISI, AUSA, DIA and Aegon's counterclaims are granted in the amounts of \$18,829.23 as to the Indemnification counterclaim and \$20,999.00 as to the Unjust Enrichment counterclaim, which amounts have been offset to determine the net award to Claimant as set forth above;
- 3) The parties shall bear their respective costs and expenses, including attorneys' fees, except as Fees are addressed below; and,
- 4) Any request for relief not specifically addressed herein is denied in its 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
Counterclaim filing fee	= \$500

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firm is Respondent ISI, the Claimant's former firm.

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

Forum Fees and Assessments

The panel has the authority to assess forum fees for each hearing session conducted. A hearing 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 x \$450	= \$ 450
Pre-hearing conference: March 8, 2001	1 session
One (1) Pre-hearing session with Panel x \$1,200	= \$ 1,200
Pre-hearing conference: December 15, 2000	1 session
Eight (8) Hearing sessions x \$1,200	= \$ 9,600
Hearing Dates: May 14, 2001	2 sessions
May 15, 2001	2 sessions
May 16, 2001	2 sessions
June 20, 2001	2 sessions
Total Forum Fees	= \$11,250

The panel has assessed \$11,250 of the forum fees jointly and severally to Respondents ISI and Western Reserve.

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.

Claimant requested the duplication of hearing tapes. = \$ 165

Fee Summary

Claimant is assessed the following fees:

Initial Filing Fee	= \$ 500
Administrative Costs	= \$ 165

Total Fees	= \$ 665
Less payments	= \$ 1,700

Refund owed to Claimant	= \$ 1,035
-------------------------	------------

Respondent, ISI, is assessed the following fees:

Member Fees	= \$ 7,600
-------------	------------

Total Fees	= \$ 7,600
Less payments	= \$ 7,600

Balance Due NASD Dispute Resolution, Inc.	= \$ 00
---	---------

Respondents, ISI and Western Reserve, are jointly and severally assessed the following fees:

Forum Fees	= \$11,250
Less payments	= \$ 1,000

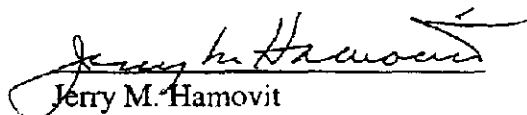
Balance Due NASD Dispute Resolution, Inc.	= \$10,250
---	------------

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Jerry M. Hamovit, Esq.	-	Public Arbitrator, Presiding Chairperson
Daniel E. Miller, Esq.	-	Public Arbitrator, Panelist
David H. Davis	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures



Jerry M. Hamovit
Public Arbitrator, Presiding Chairperson

7/2/01

Signature Date

Daniel E. Miller, Esq.
Public Arbitrator, Panelist

Signature Date

David H. Davis
Non-Public Arbitrator, Panelist

Signature Date

July 16, 2001

Date of Service (For NASD-Dispute Resolution office use only)


ARBITRATION PANEL

Jerry M. Hamovit, Esq.	-	Public Arbitrator, Presiding Chairperson
Daniel E. Miller, Esq.	-	Public Arbitrator, Panelist
David H. Davis	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

Jerry M. Hamovit
Public Arbitrator, Presiding Chairperson

Signature Date


Daniel E. Miller, Esq.
Public Arbitrator, Panelist

7/16/01

Signature Date

David H. Davis
Non-Public Arbitrator, Panelist

Signature Date

July 16, 2001

Date of Service (For NASD-Dispute Resolution office use only)

ARBITRATION PANEL

Jerry M. Hamovit, Esq.	-	Public Arbitrator, Presiding Chairperson
Daniel E. Miller, Esq.	-	Public Arbitrator, Panelist
David H. Davis	-	Non-Public Arbitrator, Panelist


Concurring Arbitrators' Signatures

Jerry M. Hamovit
Public Arbitrator, Presiding Chairperson

Signature Date

Daniel E. Miller, Esq.
Public Arbitrator, Panelist

Signature Date



David H. Davis

Non-Public Arbitrator, Panelist

7-2-2001
Signature Date

July 16, 2001
Date of Service (For NASD-Dispute Resolution office use only)