

**Award**  
**NASD Dispute Resolution, Inc.**

In the Matter of the Arbitration Between:

Name of the Claimant  
 Steven Isaacson

Case Number: 01-05343

Name of the Respondent  
 H&R Block Financial Advisors, Inc.  
 and Evan C. Hunt

Hearing Site: Chicago, Illinois

**REPRESENTATION OF PARTIES**

Claimant Steven Isaacson ("Isaacson") was represented by Andrew J. Stoltman, Esq. of the firm Maddox Koeller Hargett & Caruso with offices located in Chicago, Illinois.

Respondent H&R Block Financial Advisors, Inc. ("H&R Block") and Evan C. Hunt ("Hunt"), hereinafter collectively referred to as "Respondent," was represented by Lisa S. Fildes, Esq. and Howard Klausmeier, Esq., H&R Block Financial Advisors, Inc. with offices located in Detroit, Michigan.

**CASE INFORMATION**

Statement of Claim filed on or about: October 09, 2001.

Claimant Isaacson signed the Uniform Submission Agreement: September 09, 2001.

Statement of Answer filed by Respondents on or about: December 06, 2001.

Respondent H&R Block signed the Uniform Submission Agreement: October 29, 2001

Respondent Hunt signed the Uniform Submission Agreement: November 16, 2001.

**CASE SUMMARY**

Claimants Isaacson asserted the following causes of action:

- Unauthorized trading;
- Negligence;
- Misrepresentation and omissions;
- Unsuitability;
- Failure to supervise;
- Violations of the Illinois Securities Law and NASD Conduct Rules;
- Breach of contract;
- Constructive fraud/breach of fiduciary duty;
- Common law fraud; and
- Violations of other Illinois consumer protection statutes.

The **causes** of action relate to **purchase** of the **Va Linux Systems, Inc. IPO**.

Unless **specifically** admitted in their **Answer**, Respondents denied the **allegations** made in the Statement of Claim and **asserted** the following **defenses**:

- **Failure** to state a claim on which **relief** may be granted;
- Claims **barred by the statute** of frauds;
- Claims **barred by laches, waiver, estoppel, and ratification**;
- Respondents' obligations to the **Claimant** have been fully satisfied and discharged;
- Assumption of risk;
- Economic, industry, **corporate** and **market** conditions, and not Respondents **were** responsible for Claimant's losses, if any;
- Claimant may not **recover** punitive or exemplary damages, as **recovery** of such damages is **not permitted** under applicable state laws;
- Claims are **barred** by applicable federal and state statutes of limitation; and
- Respondents **reserved** the **right** to add additional **affirmative** or special defenses as they became known.

### **RELIEF REQUESTED**

Claimant **Isaacson** requested:

|                         |               |
|-------------------------|---------------|
| Compensatory Damages    | \$30,771.00   |
| <b>Punitive</b> Damages | unspecified   |
| Interest                | 10% per annum |
| Attorneys' <b>Fees</b>  | unspecified   |
| Other Costs             | unspecified   |

**Respondents** requested:

|  |                 |
|--|-----------------|
| Other <b>Monetary/Non-Monetary</b> Relief if any : | denial of claim |
|--|-----------------|

### **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. Respondent H&R Block Financial Advisors, Inc. is solely liable for and shall pay to Claimant **Steven Isaacson** the sum of **\$27,693.90** as **compensatory** damages, **plus** interest at the rate of **10%** per annum accruing December 10, 1999 and ceasing to accrue on January 21, 2003.
2. Respondent H&R Block Financial Advisors, Inc. is solely liable for and shall **pay** to Claimant **Steven Isaacson** the sum of **\$12,109.44** as attorney's fees. **After** considering the **parties'** arguments and submissions, the Panelist has determined that he **has the authority** pursuant to **815 ILCS 5/13, Sec. 13A(1)** to award attorney's fees.
3. Except as **specified herein**, parties shall **each bear** their own **costs**.
4. **Any and all relief not specifically** addressed herein, **including punitive damages**, is denied.

NASD Dispute Resolution, Inc.  
 Arbitration No. **01-05343**  
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### **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 = \$ 175.00

#### **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 at the time of the events giving rise to the dispute. Accordingly, H&R Block Financial Advisors, Inc. is assessed the following fees:

|                            |                     |
|----------------------------|---------------------|
| Member surcharge           | = \$ 800.00         |
| Pre-hearing process fee    | = \$ 600.00         |
| <u>Hearing process fee</u> | <u>= \$1,000.00</u> |
| Total                      | = \$2,400.00        |

#### **Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. A session is my 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:

|   |             |
|---|-------------|
| Two (2) Pre-hearing sessions with a single arbitrator at \$450.00 | = \$ 900.00 |
| Pre-hearing conferences: July 31, 2002                            | 1 session   |
| December 17, 2002   | 1 session   |

|                                      |             |
|--------------------------------------|-------------|
| Two (2) Hearing sessions at \$450.00 | = \$ 900.00 |
|--------------------------------------|-------------|

|  |                   |                     |
|--|-------------------|---------------------|
| <u>Hearing Dates:</u> January 21, 2003 | <u>2 sessions</u> | <u>= \$1,800.00</u> |
| <b>Total Forum Fees</b>                |                   | <b>= \$1,800.00</b> |

1. The Panel has assessed \$900.00 of the forum fees to Steven Isaacson.
2. The Panel has assessed \$900.00 of the forum fees to H&R Block Financial Advisors, Inc.

**FEE SUMMARY**

|  |                      |
|--|----------------------|
| 1. Claimant Steven Isaacson is solely liable for:                      |                      |
| Initial Filing Fee   | = \$ 175.00          |
| Forum Fees   | = \$ 900.00          |
| <b>Total Fees</b>  | <b>= \$ 1,075.00</b> |
| <b>Less payments</b>   | <b>= \$ 625.00</b>   |
| <b>Balance Due NASD Dispute Resolution, Inc.</b>                       | <b>= \$ 450.00</b>   |
| 2. Respondent H&R Block Financial Advisors, Inc. is solely liable for: |                      |
| Member Fees  | = \$ 2,400.00        |
| Forum Fee  | = \$ 900.00          |
| <b>Total Fees</b>  | <b>= \$ 3,300.00</b> |
| <b>Less payments</b>   | <b>= \$ 2,400.00</b> |
| <b>Balance Due NASD Dispute Resolution, Inc.</b>                       | <b>= \$ 900.00</b>   |

All balances are payable to NASD Dispute Resolution, Inc. and are due upon receipt pursuant to Rule 10330(g) of the Code.

**ARBITRATION PANEL**

Frank A. Dusek, CPA

Public, Presiding Chairperson

**Arbitrator's Signature**



Frank A. Dusek, CPA  
Public Arbitrator, Presiding Chairperson

1-30-03

Signature Date

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