

**Award
FINRA Dispute Resolution**

In the Matter of the Arbitration Between:

Names of the Claimants

Alan M. Grayson
AMG Trust

Case Number: 07-00666

Name of the Respondent

Wachovia Securities, Inc.

Hearing Site: Orlando, Florida

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Alan M. Grayson ("Grayson") and AMG Trust ("AMG"), hereinafter collectively referred to as "Claimants": Tucker S. Byrd, Esq., James S. Byrd, Jr., Esq. and Eric Rolinson, Esq. Morgan & Morgan P.A., Orlando, Florida.

For Wachovia Securities, Inc., hereinafter referred to as "Respondent": David A. Picon, Esq. and Stephen L. Ratner, Esq., Proskauer Rose LLP, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: February 28, 2007.

Claimant Grayson signed the Uniform Submission Agreement: February 28, 2007.

Claimant AMG signed the Uniform Submission Agreement: February 28, 2007.

Statement of Answer filed by Respondent on or about: June 22, 2007.

Respondent signed the Uniform Submission Agreement: June 22, 2007.

Amended Statement of Claim filed by Claimants on or about: December 12, 2007.

Reply to Amended Statement of Claim filed by Respondent on or about: January 7, 2009.

Motion to Dismiss filed by Respondent on or about: January 15, 2008.

Response to Motion to Dismiss filed by Claimants on or about: February 15, 2008.

Reply in Further Support of Motion to Dismiss filed by Respondent on or about: March 4, 2008.

Motion for Default Judgment filed by Claimants on or about: April 17, 2009.

Opposition to Motion for Default Judgment filed by Respondent on or about: April 27, 2009.

Notice to Panel filed by Claimants on or about: December 21, 2010.

Response to Notice to Panel filed by Respondent on or about: December 29, 2010.

CASE SUMMARY

Claimants asserted the following causes of action: (1) fraud; (2) aiding and abetting fraud; (3) Uniform Securities Act fraud; (4) negligent misrepresentation; (5) aiding and

abetting breach of fiduciary duty; (6) conversion; (7) civil conspiracy; (8) unfair trade practices; (9) fraudulent conveyance; (10) aiding and abetting fraudulent conveyance; and, (11) quantum meruit. The causes of action relate to an alleged "stock loan" Ponzi scheme involving Claimant Grayson's entry into "stock loan" agreements with Derivium Capital LLC and Derivium Capital (USA), Inc.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, as amended, Claimants requested: (1) compensatory damages of over \$30,000,000.00; (2) statutory damages; (3) punitive damages; (4) a monetary award of three times the actual damages; (5) interest; (6) costs; (7) attorneys' fees; (8) an accounting of transfers; (9) an order declaring all such transfers void; (10) an order declaring that Respondent aided, abetted and committed fraud; (11) an order requiring all property and property interests be returned, with interest; (12) an order attaching the property and property interests transferred; (13) a monetary award corresponding to the value received and retained from Claimants; and, (14) such further relief as deemed just by the Panel.

At the close of the hearing, Claimants requested: (1) compensatory damages in the range of \$27,855,454.00 to \$77,236,644.00 (depending on the damage calculation model utilized); (2) interest; and, (3) attorneys' fees.

Respondent requested: (1) dismissal of the Statement of Claim, as amended, in its entirety; and, (2) such other relief as deemed just and proper by the Panel.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On or about December 6, 2007, the Panel issued an Order that directed Claimants to file an Amended Statement of Claim setting forth more specifically the claims asserted against Respondent.

Respondent filed a Motion to Dismiss seeking to eliminate allegations and issues not properly raised by Claimants. In response, Claimants asserted that Respondent played a critical role in the Ponzi scheme at issue in this matter, rendering the allegations and issues raised by Claimants relevant. Following a telephonic conference with the parties, the Panel issued an Order on or about March 24, 2008 that denied Respondent's motion, without prejudice.

Claimants filed a Motion for Default Judgment based upon Respondent's refusal to produce its compliance and related documents. In response, Respondent asserted that it has participated in the discovery process and Claimants' motion was made in bad faith. On or about May 5, 2009, the Panel issued an Order that denied Claimants' motion.

Claimants filed a Notice to the Panel and to Respondent for the purpose of setting forth certain legal theories that Claimants intend to pursue at the evidentiary hearing based on allegations contained in the Amended Statement of Claim, including: breach of fiduciary duty Respondent owed to Claimants; negligence, including ordinary negligence, gross negligence and willful, wanton or reckless negligence; and, violation of the Virginia Securities Act, Va. Code §13.1-502, *et seq.* In response, Respondent asserted that Claimants were impermissibly attempting to amend their Statement of Claim on the eve of the hearing to assert completely new causes of action. The Panel deferred ruling on this motion and thereafter determined to deny it.

At the close of Claimants' case-in-chief, Claimants moved for summary judgment 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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable on the claim of aiding and abetting breach of fiduciary duty and shall pay to Claimants compensatory damages in the amount of \$852,000.00, inclusive of pre-judgment interest. Post-judgment interest, if applicable, shall accrue in accordance with the Code of Arbitration Procedure (the "Code").

Claimants' request for attorneys' fees is denied.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages, are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 600.00
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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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Respondent is assessed the following:

Member surcharge	= \$3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,500.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

July 7–11 and July 14–18, 2008, adjournment by parties	= \$1,200.00
March 11-13 and March 16-20, 2009, adjournment by Claimants	= \$1,200.00
January 25-29 and February 1-5, 2010, adjournment by parties	= \$1,500.00
October 10-14, 2011, adjournment by parties	= \$1,500.00
October 18-21, 2011, adjournment by Respondent	waived

The Panel has determined to waive the fee in connection with the adjournment of the October 18-21, 2011 evidentiary hearings.

The Panel has assessed \$2,700.00 of the adjournment fees jointly and severally to Claimants.

The Panel has assessed \$2,700.00 of the adjournment fees to Respondent.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

October 18-21, 2011, adjournment by Respondent	waived
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Discovery-Related Motion Fees

Fees apply for each decision rendered on a discovery-related motion.

One (1) Decision on discovery-related motion on the papers with (3) three arbitrators @ \$200.00/arbitrator	= \$ 600.00
Respondent submitted (1) one discovery-related motion	

Total Discovery-Related Motion Fees	= \$ 600.00
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The Panel has assessed \$300.00 of the discovery-related motion fees jointly and severally to Claimants.

The Panel has assessed \$300.00 of the discovery-related motion fees to Respondent.

Contested Motion for Issuance of a Subpoena Fees

Fees apply for each decision on a contested motion for the issuance of a subpoena.

One (1) Decision on a contested motion for the issuance of a subpoena With (3) three arbitrators @ \$200.00/arbitrator (maximum of \$600)	= \$ 600.00
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Total Contested Motion for Issuance of Subpoenas Fees	= \$ 600.00
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The Panel has assessed \$300.00 of the contested motion for issuance of subpoena fees jointly and severally to Claimants.

The Panel has assessed \$300.00 of the contested motion for issuance of subpoena fees to Respondent.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 @ \$450.00/session = \$ 900.00
Pre-hearing conferences: December 3, 2007 1 session
September 29, 2008 1 session

Ten (10) Pre-hearing sessions with Panel @ \$1,200.00/session = \$12,000.00
Pre-hearing conferences: September 10, 2007 1 session
September 11, 2007 1 session
March 17, 2008 1 session
January 30, 2009 1 session
February 16, 2010 1 session
April 14, 2011 1 session
May 16, 2011 1 session
July 25, 2011 1 session
October 20, 2011 1 session
November 11, 2011 1 session

Eighty-four (84) Hearing sessions @ \$1,200.00/session = \$100,800.00
Hearing Dates: January 10, 2011 1 session
January 11, 2011 2 sessions
January 12, 2011 2 sessions
January 13, 2011 2 sessions
January 14, 2011 1 session
February 22, 2011 2 sessions
February 23, 2011 2 sessions
February 24, 2011 2 sessions
February 25, 2011 2 sessions
February 28, 2011 2 sessions
March 1, 2011 3 sessions
March 2, 2011 2 sessions
March 3, 2011 2 sessions
March 4, 2011 2 sessions
June 27, 2011 2 sessions
June 28, 2011 2 sessions
June 29, 2011 2 sessions
June 30, 2011 3 sessions
August 1, 2011 2 sessions
August 2, 2011 2 sessions
August 3, 2011 2 sessions
August 4, 2011 2 sessions
August 5, 2011 2 sessions

October 17, 2011	1 session
October 25, 2011	2 sessions
October 26, 2011	3 sessions
October 27, 2011	2 sessions
December 12, 2011	2 sessions
December 13, 2011	2 sessions
December 14, 2011	2 sessions
December 15, 2011	2 sessions
December 16, 2011	1 session
February 13, 2012	2 sessions
February 14, 2012	2 sessions
February 15, 2012	2 sessions
February 16, 2012	2 sessions
February 17, 2012	2 sessions
February 27, 2012	2 sessions
February 28, 2012	2 sessions
February 29, 2012	2 sessions
March 13, 2012	2 sessions
March 14, 2012	3 sessions

Total Forum Fees	= \$113,700.00
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The Panel has determined to waive the \$1,200.00 hearing session fee in connection with the telephonic conference conducted on September 10, 2007.

The Panel has assessed \$56,250.00 of the forum fees jointly and severally to Claimants.

The Panel has assessed \$56,250.00 of the forum fees to Respondent.

All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

<i>Thomas Atkinson</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Richard Wilson</i>	-	<i>Public Arbitrator</i>
<i>Gary Lang</i>	-	<i>Non-Public Arbitrator</i>

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

Concurring Arbitrators' Signatures

_____/s/
Thomas Atkinson
Public Arbitrator, Presiding Chairperson

March 29, 2012
Signature Date

_____/s/
Richard Wilson
Public Arbitrator

April 2, 2012
Signature Date

_____/s/
Gary Lang
Non-Public Arbitrator

April 1, 2012
Signature Date

April 2, 2012

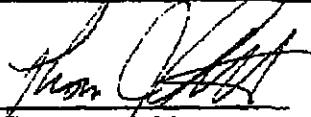
Date of Service (For FINRA Dispute Resolution office use only)

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Richard Wilson - *Public Arbitrator*
Gary Lang - *Non-Public Arbitrator*

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Thomas Atkinson
Public Arbitrator, Presiding Chairperson

3-29-12
Signature Date

Richard Wilson
Public Arbitrator

Signature Date

Gary Lang
Non-Public Arbitrator

Signature Date

Date of Service (For FINRA Dispute Resolution office use only)

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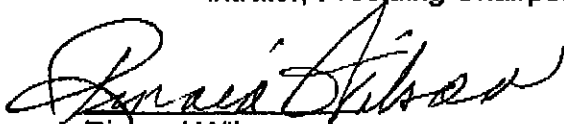
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Signature Date


Richard Wilson
Public Arbitrator



Signature Date

Gary Lang
Non-Public Arbitrator

Signature Date

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Thomas Atkinson
Public Arbitrator, Presiding Chairperson

Signature Date

Richard Wilson
Public Arbitrator

Signature Date


Gary Lang
Non-Public Arbitrator

4.1.2012
Signature Date

Date of Service (For FINRA Dispute Resolution office use only)