

**AWARD**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between

Name of Claimant

Securities America, Inc.

and

Case Number: 04-03105  
Hearing Site: Omaha, Nebraska

Name of Respondent

Scott Jonathan McKay Wolas a/k/a Allen Lee Hengst

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**NATURE OF DISPUTE**

Member Firm v. Associated Person

**REPRESENTATION OF PARTIES**

Securities America, Inc. ("Claimant") was represented by Matthew J. Egrin, Esq., Edgerton & Weaver, Hermosa Beach, California.

Scott Jonathan McKay Wolas a/k/a Allen Lee Hengst ("Wolas") did not make an appearance.

**CASE INFORMATION**

The Statement of Claim was filed on or about April 27, 2004. The Submission Agreement of Claimant, Securities America, Inc., was signed on or about May 4, 2004.

Respondent Wolas did not file a Statement of Answer or a Submission Agreement.

**CASE SUMMARY**

Claimant asserted the following causes of action: contractual indemnification; equitable indemnification; fraud and other torts. The causes of action are related to the indemnification agreement between Wolas and Securities America wherein he agreed to indemnify Claimant for all judgments and settlements resulting from any action for which he was responsible, including applicable attorneys' fees and costs.

### **RELIEF REQUESTED**

Claimant requested an award in the amount of \$50,000.00, plus interest, costs, attorneys' fees and such further relief as the Arbitration Panel may deem just and proper.

### **OTHER ISSUES CONSIDERED & DECIDED**

On or about November 2, 2004, Claimant filed a Motion to Confirm NASD Jurisdiction over Respondent Wolas.

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Wolas has been properly served with the Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Wolas had received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with NASD Dispute Resolution ("NASD").

### **AWARD**

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent, Scott Jonathan McKay Wolas a/k/a Allen Lee Hengst, is liable for and shall pay to Claimant, Securities America, Inc., the sum of \$12,981,492.00 in compensatory damages;
2. Respondent, Scott Jonathan McKay Wolas a/k/a Allen Lee Hengst, is liable for and shall pay to Claimant, Securities America, Inc., the sum of \$756,134.00 in interest owed pursuant to the terms of the Representative Agreement;
3. Respondent, Scott Jonathan McKay Wolas a/k/a Allen Lee Hengst, is liable for and shall pay to Claimant, Securities America, Inc., the sum of \$2,669,545.44 in attorneys' fees pursuant to the Representative Agreement;

4. The Panel granted the Claimant's Motion to Confirm NASD Jurisdiction over Respondent Wolas; and
5. That other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter.

### FEES

Pursuant to the Code, the following fees are assessed:

#### Filing Fees

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

Initial claim filing fee = \$1,000.00

#### 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. In this matter, the member firm is Securities America, Inc.

Member surcharge = \$ 875.00  
Pre-hearing process fee = \$ 750.00  
Hearing process fee = \$1,000.00

#### Forum Fees and Assessments

The Arbitration Panel assesses 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 Panel x \$600.00 = \$ 600.00  
Pre-hearing conference: November 1, 2004 1 session

One (1) Hearing session with Panel x \$600.00 = \$ 600.00  
Hearing Date: May 23, 2005 1 session

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Total Forum Fees = \$1,200.00

The Arbitration Panel has assessed \$1,200.00 of the forum fees to Securities America, Inc.

### Fee Summary

Claimant, Securities America, Inc., is liable for:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 2,625.00
Forum Fees	= \$ 1,200.00
Total Fees	= \$ 4,825.00
Less payments	= \$ 4,225.00
Balance Due NASD Dispute Resolution	= \$ 600.00

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

**ARBITRATION PANEL**

Richard M. Duxbury, Esq. - Public Arbitrator, Presiding Chair  
Hugh J. Perry, Esq. - Public Arbitrator  
Gerald J. Egermier - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Richard M. Duxbury, Esq.  
Richard M. Duxbury, Esq.  
Public Arbitrator, Presiding Chair

05/26/05  
Signature Date

/s/ Hugh J. Perry, Esq.  
Hugh J. Perry, Esq.  
Public Arbitrator

05/26/05  
Signature Date

/s/ Gerald J. Egermier  
Gerald J. Egermier  
Non-Public Arbitrator

05/26/05  
Signature Date

05/27/05  
Date of Service (For NASD office use only)

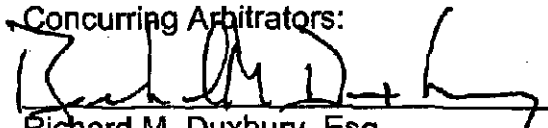
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