

**Award  
FINRA Dispute Resolution**

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**In the Matter of the Arbitration Between:**

**Claimant**

**Case Number: 09-05650**

**Martha C. Campbell, personally and on behalf of the Martha C. Campbell Rollover IRA**

**Respondents:**

**Hearing Site: San Diego, California**

**Kevin A. Williams**

**North Global Securities, Inc.**

**North Wealth Management Company**

**Asset Management Strategies, LLC**

**Steven Lee Thornton**

**Daniel Guillen**

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**Nature of the Dispute: Customer vs. Member, Associated Persons and Non-Members**

**REPRESENTATION OF PARTIES**

**Claimant, Martha C. Campbell, personally and on behalf of the Martha C. Campbell Rollover IRA, hereinafter referred to as "Claimant": Bradd L. Milove, Esq., Miller & Milove, San Diego, California.**

**Respondents, Kevin Antony Williams ("Williams"), North Global Securities, Inc. ("North Global"), North Wealth Management Company ("North Wealth Management"), and Asset Management Strategies, LLC ("Asset Management"): A. Kipp Williams, Esq., Blanchard, Krasner & French, PC, La Jolla, California.**

**Respondent, Steven Lee Thornton ("Thornton"): Robert B. Ericson, Esq., Cotton & Gundzik LLP, Los Angeles, California.**

**Respondent, Daniel Guillen ("Guillen"): Andrew R. Stihwell, Esq., Stihwell & Associates, San Diego, California.**

**CASE INFORMATION**

**Statement of Claim filed: September 18, 2009.**

**Claimant signed the Submission Agreement: September 18, 2009.**

**Joint Statement of Answer filed by Respondents Williams, North Global, North Wealth Management, and Asset Management on or about: March 9, 2010.**

**Respondent Williams signed the Submission Agreement: April 12, 2010.**

**Respondent North Global signed the Submission Agreement: April 12, 2010.**

### **CASE SUMMARY**

**Claimant asserted the following causes of action: 1) Breach of Fiduciary Duty and Constructive Fraud; 2) Financial Abuse of a Dependent Adult; 3) Violation of the Securities Exchange Act of 1934, § 10(b), § 20, Rule 10b-5; Securities Act of 1933, § 11, § 12, § 15; Liability of Principal for Acts of Agent; Investment Advisors Act; and Respondeat Superior; 4) Common Law Fraud; 5) Violation of California Corporations Code §§ 25401, 25501, and 25504; 6) Unfair Sales Practices; 7) Negligence, Gross Negligence, and Negligent Misrepresentation; and 8) Breach of Contract and Breach of Covenant of Good Faith and Fair Dealing. The causes of action relate to the purchase of units in The Land Entitlement and Opportunities Fund.**

**Unless specifically admitted in their Answer, Respondents Williams, North Global, North Wealth Management, and Asset Management denied the allegations made in the Statement of Claim and asserted various affirmative defenses.**

### **RELIEF REQUESTED**

**In the Statement of Claim, Claimant requested:**

- 1. Damages in an amount exceeding \$350,000.00;**
- 2. Disgorgement of excessive commissions, fees and compensation received by Respondents;**
- 3. All losses associated with what such funds should have earned if appropriately invested and lost opportunity costs associated with the wrongful conduct, according to proof at hearing;**
- 4. Treble damages;**
- 5. Exemplary or punitive damages in an amount to be determined by the Panel, to punish Respondents and to serve as an example to deter such conduct in the future;**
- 6. Attorney's fees and other costs of arbitration, including, but not limited to, all filing fees and expert witness fees;**
- 7. Prejudgment and post-judgment interest at the maximum legal rate, dating from the date of the original investment; and**
- 8. Other relief as the Panel may deem just and proper.**

**At the close of the hearing, Claimant requested \$404,034.00 in damages.**

### **OTHER ISSUES CONSIDERED AND DECIDED**

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

**Respondent Thornton did not file with FINRA Dispute Resolution a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("the Code") and is bound by the determination of the Panel on all issues submitted.**

**Respondent Guillen is not a member or associated person of FINRA and did not voluntarily submit to arbitration. Therefore, the Panel made no determination with respect to Claimant's claims against Respondent Guillen.**

**By letter dated January 29, 2010, Claimant dismissed Respondent Thornton without prejudice. Claimant also requested an entry of default against Respondents Williams, North Global, North Wealth Management, and Asset Management for having failed to answer the Statement of Claim.**

**On March 9, 2010, Respondents Williams, North Global, North Wealth Management, and Asset Management filed an Answer to the Statement of Claim. In accordance with Rule 12801 of the Code, FINRA terminated default proceedings against Respondents Williams, North Global, North Wealth Management, and Asset Management.**

**On June 11, 2010, Claimant filed a Motion for Discovery Sanctions for failure of Respondents Williams, North Global, North Wealth Management, and Asset Management to comply with the Chairperson's Discovery Order of May 21, 2010. Respondents Williams, North Global, North Wealth Management, and Asset Management did not file an opposition to the motion.**

**On July 7, 2010, Claimant filed a motion to renew the June 11, 2010 Motion for Discovery Sanctions. On July 14, 2010, Respondents Williams, North Global, North Wealth Management, and Asset Management's counsel filed correspondence in response. On July 15, 2010, the Panel conducted a pre-hearing conference to hear oral argument from the parties on Claimant's motion for sanctions.**

**On July 7, 2010, after due deliberation, the Panel issued an order granting Claimant's Motion for Discovery Sanctions, ordering Respondents Williams, North Global, North Wealth Management, and Asset Management to produce documents, comply with the Chairperson's Order dated May 21, 2010, and by way of sanctions, pay \$1,000.00 to Claimant in recognition of added costs to Claimant occasioned by Respondents Williams, North Global, North Wealth Management, and Asset Management's behavior to date.**

**In correspondence dated July 26, 2010, Claimant and Respondents Williams, North Global, North Wealth Management, and Asset Management requested a reasoned decision from the Panel pursuant to Rule 12514 of the Code.**

**At the evidentiary hearings held from August 18, 2010 until August 20, 2010, Respondents Asset Management and North Wealth Management voluntarily submitted to FINRA jurisdiction.**

**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 the evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:**

- 1. The Panel finds that all investments of Claimant's IRA were unsuitable in view of Claimant's age, lack of financial knowledge, and financial needs. With regard to the Land Entitlement and Opportunities Fund, LLC, the Panel finds that fraud, gross misconduct, breach of fiduciary duty, and/or gross negligence were committed by Respondents by way of:
  - (a) Taking undue advantage of an older, retired, financially unsophisticated, and financially-limited client for Respondents' own financial interests;**
  - (b) Placing Respondents' own needs and interests above Claimant's needs and interests, thereby violating Respondents' fiduciary duty to Claimant; and**
  - (c) Misusing Claimant's IRA savings through, among other things, deceit and misleading and reckless behavior.**Respondents Williams, North Global, North Wealth Management, and Asset Management are jointly and severally liable for and shall pay to Claimant compensatory damages in the sum of \$397,034.00 subject to Claimant giving up all rights to the Land Entitlement and Opportunities Fund, LLC.**
- 2. Respondents Williams, North Global, North Wealth Management, and Asset Management are jointly and severally liable for and shall pay to Claimant punitive damages in the sum of \$75,000.00 pursuant to Hobbs v. Bateman Eichler, Hill Richards, Inc., 164 Cal. App. 3d 174 (Ct. App. 1985).**
- 3. Respondents Williams, North Global, North Wealth Management, and Asset Management are jointly and severally liable for and shall pay to Claimant the sum of \$165,211.90 in attorney's fees, pursuant to the Land Entitlement and Opportunities Fund, LLC operating agreement.**
- 4. Respondents Williams, North Global, North Wealth Management, and Asset Management are jointly and severally liable for and shall pay to Claimant the sum of \$3,806.02 for costs.**
- 5. If the Award is not paid within 30 days of the date of the Award, Respondents Williams, North Global, North Wealth Management, and Asset Management are jointly and severally liable for and shall pay to Claimant interest thereafter at the rate of 6% per annum on the sum of \$472,034.00 until the Award is paid.**
- 6. Any and all relief not specifically addressed herein, including treble damages, is denied.**
- 7. The Panel has provided an explanation of their decision in this award. The explanation is for the information of the parties only and is not precedential in nature.**

## FEES

Pursuant to the Code, the following fees are assessed:

### Filing Fees

FINRA Dispute Resolution assessed a filing fee\* for each claim:

Initial claim filing fee = \$ 1,800.00

*\*The filing fee is made up of a non-refundable and a refundable portion.*

### 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 persons at the time of the events giving rise to the dispute. Accordingly, as a party North Global Securities, Inc. is assessed the following:

Member surcharge = \$ 2,800.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$ 5,000.00

### Discovery-Related Motion Fees

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

One (1) Decision on discovery-related motions on the papers  
with one (1) arbitrator @ \$200.00 = \$ 200.00

Respondents Williams, North Global, North Wealth Management, and  
Asset Management submitted one (1) discovery-related motion

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Total Discovery-Related Motion Fees = \$ 200.00

1. The Panel has assessed \$100.00 of the discovery-related motion fees to Claimant.
2. The Panel has assessed \$100.00 of the discovery-related motion fees to Respondents Williams, North Global, North Wealth Management, and Asset Management.

### 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  
One (1) @ \$200.00 (maximum of \$600) = \$ 200.00

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Total Contested Motion for Issuance of Subpoenas Fees = \$ 200.00

1. The Panel has assessed \$100.00 of the contested motion for issuance of subpoenas fees to Claimant.
2. The Panel has assessed \$100.00 of the contested motion for issuance of subpoenas fees to Respondents Williams, North Global, North Wealth Management, and Asset Management.

**Hearing Session Fees and Assessments**

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that last four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator @ \$450.00/session	= \$	450.00
Pre-hearing conference: May 21, 2010	1 session	
Two (2) Pre-hearing sessions with Panel @ \$1,200.00/session	= \$	2,400.00
Pre-hearing conferences: April 16, 2010	1 session	
July 15, 2010	1 session	
Ten (10) Hearing sessions @ \$1,200.00/session	= \$	12,000.00
Hearing Dates: August 16, 2010	2 sessions	
August 17, 2010	2 sessions	
August 18, 2010	2 sessions	
August 19, 2010	2 sessions	
August 20, 2010	2 sessions	

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**Total Hearing Session Fees = \$14,850.00**

The Panel has assessed \$14,850.00 of the hearing session fees jointly and severally to Respondents Williams, North Global, North Wealth Management, and Asset Management.

**Explained Decision Fees**

Fees apply if the Chairperson drafts an explained decision based on the parties' timely received joint request for an explained decision.

1. The Panel has assessed \$200.00 of the explained decision fee to Claimant.
2. The Panel has assessed \$200.00 of the explained decision fee jointly and severally to Respondents Williams, North Global, North Wealth Management, and Asset Management.

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

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**ARBITRATION PANEL**

Lester G. Stiel	-	Public Arbitrator, Presiding Chairperson
Daniel A. Seiver	-	Public Arbitrator
John Goodrich	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

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Lester G. Stiel  
Public Arbitrator, Presiding Chairperson

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Signature Date

  
\_\_\_\_\_  
Daniel A. Seiver  
Public Arbitrator

9/17/2010  
\_\_\_\_\_  
Signature Date

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John Goodrich  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

09/20/2010

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

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John Goodrich	-	Non-Public Arbitrator

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John Goodrich  
Non-Public Arbitrator

9/17/2010  
Signature Date

09/20/2010  
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