

**Award
FINRA Dispute Resolution**

In the Matter of the Arbitration Between:

Claimants

Philip Ashburn
Connie Johnson
Adela Pena
Lauro Pena
William Percy
Karrell Wood

Case Number: 10-01501

vs.

Respondents

Sagepoint Financial, Inc.
Sharon A. Kearney
AIG Advisor Group, Inc.
AIG Retirement Services, Inc.

Hearing Site: San Francisco, California

Nature of the Dispute: Customers vs. Member, Associated Person, and Non-Members

REPRESENTATION OF PARTIES

Claimants Philip Ashburn, Connie Johnson, Adela Pena, Lauro Pena, William Percy and Karrell Wood, hereinafter collectively referred to as "Claimants": Melinda Jane Steuer, Esq., Law Offices of Melinda Jane Steuer, Sacramento, California and Scott R. Shewan, Esq., Pape & Shewan, L.L.P., Clovis, California.

Respondents AIG Advisor Group, Inc. ("AIG Advisor"), AIG Retirement Services, Inc. ("AIG Retirement") and Sagepoint Financial, Inc. ("Sagepoint"): Mark J. Hancock, Esq. and Steven D. Wasserman, Esq., Sedgwick, Detert, Moran & Arnold LLP, San Francisco, California.

Respondent Sharon A. Kearney ("Kearney"): Dennis J. Kelly, Esq., Dillingham & Murphy, LLP, San Francisco, California.

CASE INFORMATION

Statement of Claim filed on or about: March 29, 2010

Claimants Lauro Pena, Adela Pena and Karrell Wood signed Submission Agreements: March 17, 2010

FINRA Dispute Resolution
Arbitration No. 10-01501
Award Page 2 of 7

Claimant Connie Johnson signed the Submission Agreement: March 20, 2010

Claimants Philip Ashburn and William Percy signed Submission Agreements: March 22, 2010

Statement of Answer filed by Respondents AIG Advisor, AIG Retirement and Sagepoint on or about: July 7, 2010

Respondent Sagepoint signed the Submission Agreement: June 29, 2010

Respondents AIG Advisor and AIG Retirement signed Submission Agreements: July 7, 2010

Statement of Answer filed by Respondent Kearney on or about: July 7, 2010

Respondent Kearney signed the Submission Agreement: July 26, 2010

CASE SUMMARY

Claimants asserted the following causes of action against Respondents AIG Advisor, AIG Retirement, Sagepoint and Kearney: intentional misrepresentation; reckless misrepresentation; negligent misrepresentation; fraud-false promise; fraud-omissions; Intentional breach of fiduciary duty (suitability); and negligent breach of fiduciary duty (suitability). Claimants asserted the following causes of action against Respondents AIG Advisor, AIG Retirement and Sagepoint: intentional breach of fiduciary duty (supervision); negligent breach of fiduciary duty (supervision); and fraudulent conveyance. The causes of action relate to the alleged advice Respondent Kearney gave to Claimants to take an early retirement offer as a lump sum payment and invest the money into variable annuities offered by Respondents AIG Advisor, AIG Retirement and Sagepoint.

Unless specifically admitted in their Answer, Respondents AIG Advisor, AIG Retirement, and Sagepoint denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

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

RELIEF REQUESTED

In the Statement of Claim, Claimants requested:

1. Compensatory damages according to proof;
2. Damages in an amount according to proof for emotional distress and mental suffering;
3. Punitive damages;
4. Exemplary damages;
5. Attorneys' fees;
6. Costs; and

FINRA Dispute Resolution
Arbitration No. 10-01501
Award Page 3 of 7

7. Such other and further relief as the Panel may deem just and proper.

At the close of the hearing, Claimants changed their measure of damages to compensation lost from the time of their retirements.

In their Answer, Respondents AIG Advisor, AIG Retirement, and Sagepoint requested:

1. Claimants' claims be dismissed with prejudice;
2. Forum fees;
3. Costs; and
4. Such other and further relief as the Panel may deem just and proper.

In her Answer, Respondent Kearney requested:

1. Claimants' claims be dismissed with prejudice;
2. Fees;
3. Costs; and
4. Such other and further relief as the Panel may deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

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

By letter dated March 12, 2012, Claimants dismissed Respondents AIG Advisor and AIG Retirement with prejudice from this matter.

On March 13, 2012, Respondent Sagepoint submitted a Motion for an Order Excluding Claimants' Evidence of Lost Salary and Damages. On March 14, 2012, Claimants submitted a response opposing Respondent Sagepoint's motion. Also on March 14, 2012, Respondent Kearney filed a response in support of Respondent Sagepoint's motion. On March 15, 2012, Respondent Sagepoint submitted a reply in support of its motion. On March 19, 2012, the Panel held a pre-hearing conference so the parties could present oral arguments. By Order dated March 25, 2012, the Panel determined to defer its decision on the motion until the evidentiary hearing.

On December 18, 2012, Respondent Sagepoint submitted a Motion for an Order Bifurcating the Proceedings in Order to Assess Expert Witness Fees and Costs. On December 21, 2012, Claimants submitted a response opposing Respondent Sagepoint's motion. Respondent Kearney did not file any submissions in response to Respondent Sagepoint's motion. By Order dated December 27, 2012, the Panel determined to deny Respondent Sagepoint's motion but advised that Respondent Sagepoint could argue the matter in its closing statement during the evidentiary hearing.

During the evidentiary hearing, at the conclusion of Claimants' case-in-chief, Respondent Kearney made a Motion to Dismiss Claimants' case. Claimants opposed the motion. Respondent Sagepoint did not take a position on the motion. After due deliberation, the Panel determined to deny the motion as premature because all of the relevant evidence was not heard at that time.

FINRA Dispute Resolution
 Arbitration No. 10-01501
Award Page 4 of 7

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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims are denied in their entirety.
2. Any and all relief not specifically addressed herein, including punitive and exemplary damages, is denied.

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 = \$ 1,250.00

**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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Sagepoint Financial, Inc. is assessed the following:

Member Surcharge	=\$ 1,500.00
Pre-Hearing Processing Fee	=\$ 750.00
Hearing Processing Fee	=\$ 2,200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

March 20 – 23, 26 – 30, 2012, adjournment by Parties	=\$ 1,000.00
Total Adjournment Fees	=\$ 1,000.00

1. The Panel has assessed \$500.00 of the adjournment fees jointly and severally to Claimants.
2. The Panel has assessed \$500.00 of the adjournment fees jointly and severally to Respondents Sagepoint and Kearney.

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:

March 20 – 23, 26 – 30, 2012, adjournment by Parties	=\$ 300.00
--	------------

FINRA Dispute Resolution
 Arbitration No. 10-01501
 Award Page 5 of 7

Total Three-Day Cancellation Fees = \$ 300.00

1. The Panel has assessed \$150.00 of the three-day cancellation fees jointly and severally to Claimants.
2. The Panel has assessed \$150.00 of the three-day cancellation fees jointly and severally to Respondents Sagepoint and Kearney.

Discovery-Related Motion Fees

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

One (1) Decision on a discovery-related motion on the papers
 with (1) one arbitrator @ \$200.00 = \$ 200.00
 Claimants submitted (1) discovery-related motion

Total Discovery-Related Motion Fees = \$ 200.00

The Panel has assessed \$200.00 of the discovery-related motion fees to Respondent Kearney.

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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts 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: December 27, 2012 1 session

Two (2) Pre-hearing sessions with the Panel @ \$1,000.00/session = \$ 2,000.00
 Pre-hearing conferences: September 23, 2010 1 session
 March 30, 2012 1 session

Twenty-one (21) Hearing sessions @ \$1,000.00/session = \$21,000.00
 Hearing Dates: March 19, 2012 1 session
 January 7, 2013 2 sessions
 January 8, 2013 2 sessions
 January 9, 2013 2 sessions
 January 10, 2013 2 sessions
 January 11, 2013 2 sessions
 January 14, 2013 2 sessions
 January 15, 2013 2 sessions
 January 16, 2013 2 sessions
 January 17, 2013 2 sessions
 January 18, 2013 2 sessions

Total Hearing Session Fees = \$23,450.00

1. The Panel has assessed \$11,725.00 of the hearing session fees to Respondent Sagepoint.

FINRA Dispute Resolution
Arbitration No. 10-01501
Award Page 6 of 7

2. The Panel has assessed \$11,725.00 of the hearing session fees to Respondent Kearney.

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

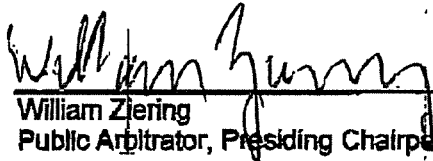
FINRA Dispute Resolution
Arbitration No. 10-01501
Award Page 7 of 7

ARBITRATION PANEL

William Ziering	-	Public Arbitrator, Presiding Chairperson
Carl B. Noelke	-	Public Arbitrator
Mario Singleton	-	Non-Public Arbitrator

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



 William Ziering
 Public Arbitrator, Presiding Chairperson



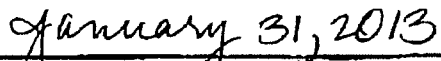
 Signature Date

 Carl B. Noelke
 Public Arbitrator

 Signature Date

 Mario Singleton
 Non-Public Arbitrator

 Signature Date



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

FINRA Dispute Resolution
Arbitration No. 10-01501
Award Page 7 of 7

ARBITRATION PANEL

William Ziering	-	Public Arbitrator, Presiding Chairperson
Carl B. Noelke	-	Public Arbitrator
Mario Singleton	-	Non-Public Arbitrator

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

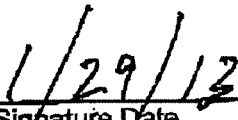
Concurring Arbitrators' Signatures

William Ziering
Public Arbitrator, Presiding Chairperson

Signature Date



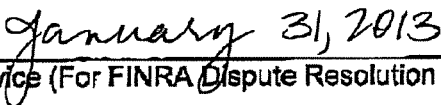
Carl B. Noelke
Public Arbitrator



Signature Date

Mario Singleton
Non-Public Arbitrator

Signature Date



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

FINRA Dispute Resolution
Arbitration No. 10-01601
Award Page 7 of 7

ARBITRATION PANEL

William Ziering	-	Public Arbitrator, Presiding Chairperson
Carl B. Noelke	-	Public Arbitrator
Mario Singleton	-	Non-Public Arbitrator

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

William Ziering
Public Arbitrator, Presiding Chairperson

Signature Date

Carl B. Noelke
Public Arbitrator

Signature Date



Mario Singleton
Non-Public Arbitrator

1/30/2013

Signature Date

January 31, 2013
Date of Service (For FINRA Dispute Resolution office use only)