
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Rau L. King and the Estate of Rex T. King

Case Number: 02-05285

Name of the Respondent
IFG Network Securities, Inc.

Hearing Site: Tampa, Florida

Nature of the Dispute: Customer vs. Member

REPRESENTATION OF PARTIES

For Rau L. King and the Estate of Rex T. King, referred to as "Claimant": Joel A. Goodman, Esq., Jennifer Newsom, Esq. and Stephen Krosschell, Esq., Goodman & Nekvasil, P.A., Clearwater, Florida.

For IFG Network Securities, Inc., referred to as "Respondent IFG": Burton W. Wiand, Esq., Elaine M. Rice, Esq. and Michael S. Lamont, Esq., Fowler White Boggs Banker, P.A., Tampa, Florida.

CASE INFORMATION

Statement of Claim filed on or about: September 4, 2002.

Claimant signed the Uniform Submission Agreement on: May 20, 2002.

Statement of Answer filed by Respondent IFG on or about: July 21, 2002.

Respondent IFG did not file an executed Uniform Submission Agreement.

CASE SUMMARY

Claimant alleged the following causes of action: 1) violation of federal securities laws; 2) violation of the Florida Securities and Investor Protection Act; 3) breach of contract; 4) common law fraud; 5) breach of fiduciary duty; and 6) negligence and gross negligence. The causes of action relate to an investment in Evergreen Securities, Ltd. (Intrados, S.A.).

Respondent IFG denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimant requested: 1) compensatory damages in the amount of \$45,800.00; 2) benefit of the bargain damages; 3) damages for lost opportunity costs; 4) model portfolio damages; 5) statutory damages; 6) rescission; 7) pre-

judgment interest; 8) costs; 9) attorneys' fees; 10) punitive damages; and 11) such other relief the undersigned arbitrators (the "Panel") deemed just and proper.

Respondent IFG requested dismissal of the Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

On or about November 22, 2002, Respondent IFG filed its notice of objection to voluntary submission to arbitration of Claimants' claims. Respondent IFG contested jurisdiction of NASD over Respondent IFG with respect to arbitrability of Claimant's claims.

On or about January 24, 2003, in the United States District Court, Middle District of Florida, Respondent IFG filed its Complaint and Motion for Preliminary and Permanent Injunction. Respondent IFG moved the District Court to declare that there is no valid agreement to arbitrate between Claimant and Respondent IFG, and for temporary and permanent injunctive relief to stay this arbitration proceeding.

On or about August 5, 2003, Claimant filed a Notice of Death of Rex T. King and Unopposed Motion for Substitution of Party. Claimant moved without opposition for substitution of Rex T. King with his wife Rau L. King, as Personal Representative of the Estate of Rex T. King, pursuant to the Last Will and Testament of Rex T. King. On or about August 11, 2003, the Panel granted the motion.

On or about August 21, 2003, the United States District Court, Middle District of Florida, in IFG Network Securities v. Rau L. King (Case 6:03-cv-103-Orl-22KRS), entered its Order. The Court ordered that IFG Network Securities' Emergency Motion to Stay Arbitration Proceeding is denied and that the parties shall proceed in arbitration in conformance with NASD procedures.

Respondent IFG did not file with NASD Dispute Resolution a properly executed submission agreement but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and the Order of the United States District Court, infra, and having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted

The parties 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:

1. Respondent IFG is liable and shall pay to Claimant compensatory damages plus pre-judgment interest in the total amount of \$59,227.05. The Panel finds that Respondent IFG, through its agent and registered representative, sold an unregistered security in violation of Section 517.07, Florida Statutes, of the Florida Securities and Investor Protection Act. The Panel dismisses with prejudice all other claims including violation of federal securities laws, breach of contract, common law fraud, breach of fiduciary duty, and negligence and

gross negligence.

2. Claimant, upon receipt from Respondent IFG of the amount of the awards herein, shall execute an assignment of all interest in Evergreen to Respondent IFG.
3. Respondent IFG is liable and shall pay to Claimant costs in the amount of \$6,260.62.
4. The Panel determined that the issue of attorneys' fees is to be decided by a court of competent jurisdiction.
5. Claimant's request for punitive damages is denied.
6. Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD 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, Respondent IFG is a member firm and a party.

Member surcharge = \$ 875.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$1,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

On or about August 20, 2003, Respondent IFG requested a postponement of the evidentiary hearing scheduled for August 25 – 29, 2003. On or about August 21, 2003, Claimant filed its written opposition to the motion. On or about August 22, 2003, the Panel denied Respondent IFG's motion. Accordingly, there were no adjournments requested during these proceedings for which fees were assessed.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

There were no injunctive relief fees assessed during these proceedings.

Forum Fees and Assessments

The Panel has assessed forum 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 lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00 per session = \$ 900.00

Pre-hearing conferences: July 10, 2003 1 session
July 30, 2003 1 session

One (1) Pre-hearing session with Panel @ \$600.00 per session = \$ 600.00

Pre-hearing conference: May 27, 2003 1 session

Ten (10) Hearing sessions @ \$600.00 per session = \$6,000.00

Hearing Dates: August 25, 2003 2 sessions
August 26, 2003 2 sessions
August 27, 2003 2 sessions
September 29, 2003 2 sessions
September 30, 2003 2 sessions

Total Forum Fees = \$7,500.00

The Panel has waived the forum fee in the amount of \$450.00 for the pre-hearing conference held on July 10, 2003.

The Panel has assessed forum fees in the amount of \$7,050.00 to Respondent IFG.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimant is solely liable for:

<u>Initial Filing Fee</u>	= \$ 175.00
Total Fees	= \$ 175.00
<u>Less payments</u>	= \$ 175.00
Balance Due NASD	= \$ 0.00

Respondent IFG is solely liable for:

Member Fees	= \$2,625.00
Forum Fees	= \$7,050.00
Total Fees	= \$9,675.00
Less payments	= \$2,625.00
Balance Due NASD	= \$7,050.00

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

ARBITRATION PANEL

<i>Richard W. Thornburg, JD</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Richard K. Wilson, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Lewis W. Slaughter</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

_____/s/_____
Richard W. Thornburg, JD
Public Arbitrator, Presiding Chairperson

October 14, 2003
Signature Date

_____/s/_____
Richard K. Wilson, Esq.
Public Arbitrator

October 14, 2003
Signature Date

_____/s/_____
Lewis W. Slaughter
Non-Public Arbitrator

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Signature Date

October 14, 2003
Date of Service (For NASD use only)

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Public Arbitrator, Presiding Chairperson

10.14.03
Signature Date

Richard K. Wilson, Esq.
Public Arbitrator

Signature Date

Lewis W. Slaughter
Non-Public Arbitrator

Signature Date

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No. 2664 P. 6

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