

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Douglas Combs as Trustee for the
Douglas Combs IRA

Case Number: 02-07048

Name of the Respondents
Joseph Karsner
Joe Karsner & Associates
Legacy Financial Services, Inc.

Hearing Site: Baltimore, Maryland

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

REPRESENTATION OF PARTIES

Claimant, Douglas Combs as Trustee for the Douglas Combs IRA, "Claimant", was represented by Jay Liner, Esq., Securities Recovery, Inc., Baltimore, Maryland

Respondents, Joseph Karsner ("Karsner"), Jo Karsner & Associates ("JKA"), and Legacy Financial Services, Inc. ("Legacy"), hereinafter collectively referred to as "Respondents", were represented by Aaron L. Handleman, Esq. and George S. Mahaffey, Jr., Esq., Eccleston & Wolf, P.C., Washington, D.C.

CASE INFORMATION

Statement of Claim filed on November 21, 2002.

Claimant signed the Uniform Submission Agreement on November 21, 2002.

Statement of Answer filed by Respondents on February 19, 2003.

Respondents did not submit properly executed Uniform Submission Agreements.

Respondents filed a Motion for Summary Judgment on January 12, 2004.

Claimant filed a Response to the Motion for Summary Judgment on January 20, 2004.

CASE SUMMARY

Claimant asserted the following causes of action, among others: failure to manage the account in a prudent manner, negligent misrepresentation, violation of Maryland Securities Laws as set forth in MD Corp. & Assns. Code Section 11-703, breach of contract, fraud, *respondeat superior*, failure to supervise, and violation of federal securities laws. The causes of action relate to the purchase and sale of shares in various funds, including the Bond Fund, Capital Growth Fund, Strategic Balance Fund, Money Market Fund and Small Cap Fund.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the

Statement of Claim and asserted the following defenses, among others: that the Statement of Claim fails to state a claim upon which relief can be granted, assumption of the risk, negligence, that Claimant's claim is barred by the doctrine of waiver and estoppel, failure to mitigate damages, and that some or all of the Claimant's claims are barred and/or pre-empted by the Employee Retirement Income Security Act ("ERISA").

RELIEF REQUESTED

Claimant in his Statement of Claim requested:

Compensatory Damages	\$278,000.00
Punitive Damages	\$834,000.00
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Costs	amount unspecified

In their Statement of Answer, Respondents requested that the Statement of Claim be dismissed in its entirety and that the Arbitration Panel (the "Panel") award the Respondents attorneys' fees, forum fees and other costs incurred.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Karsner and Legacy did not file with NASD Dispute Resolution properly executed submission to arbitration but, having appeared at the hearing, are required to submit to arbitration pursuant to the Code.

Respondent JKA, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

At the commencement of the hearing the Panel denied Respondents' Motion for Summary Judgment.

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

1. Respondents are jointly and severally liable to and shall pay to Claimant compensatory damages in the amount of one hundred and five thousand dollars and zero cents (\$105,000.00), plus post-award interest at the rate of ten percent (10%) on that amount. Interest shall be calculated on a simple basis and shall accrue from the date upon which the Award is served through the date the Award is paid in full;

2. Respondents are liable to and shall pay to Claimant five hundred dollars and zero cents (\$500.00) as reimbursement for the claim Filing Fee paid to NASD Dispute Resolution.
3. All claims for punitive damages and attorney's fees are denied in their entirety;
4. The parties shall bear their respective costs, including attorney's fees, except as Fees are specifically addressed below; and,
5. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$500.00
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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 firms that employed the associated person(s) at the time of the events giving rise to the dispute. Accordingly, Legacy Financial Services, Inc. is a party.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00
Total Member Fees	= \$8,550.00

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:

One (1) Pre-hearing session with Panel @ \$1,200.00	= \$1,200.00
Pre-hearing conference: July 1, 2003 1 session	
Six (6) Hearing sessions @ \$1,200.00	= \$7,200.00
Hearing Dates: January 20, 2004 2 sessions	
January 21, 2004 2 sessions	
January 22, 2004 2 sessions	
Total Forum Fees	= \$8,400.00

The Panel has assessed \$8,400.00 of the forum fees jointly and severally to Respondents.

FEE SUMMARY

1. Claimant is assessed and shall pay the following fees:

Initial Filing Fee	= \$ 500.00
Total Fees	= \$ 500.00
Less payments	= \$1,700.00
Refund Due Claimant	= \$1,200.00

2. Respondent Legacy is assessed and shall pay the following fees:

Member Fees	= \$ 8,550.00
Total Fees	= \$ 8,550.00
Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 00.00

3. Respondents are jointly and severally assessed and shall pay the following fees:

Forum Fees	= \$ 8,400.00
Total Fees	= \$ 8,400.00
Less payments	= \$ 1,125.50
Balance Due NASD Dispute Resolution	= \$ 7,274.50

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

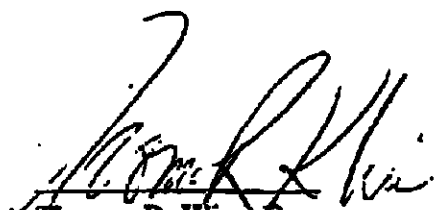
ARBITRATION PANEL

Marvin Elster, Esq.	-	Public Arbitrator, Presiding Chairperson
Thomas R. Kline, Esq.	-	Public Arbitrator, Panelist
Thomas T. Murphy, CPA	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

Marvin Elster, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date


Thomas R. Kline, Esq.
Public Arbitrator, Panelist


Signature Date

Thomas T. Murphy, CPA
Non-Public Arbitrator, Panelist

Signature Date

2/11/04
Date of Service (For NASD Dispute Resolution office use only)

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2 1/10/04
Signature Date

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Marvin Elster, Esq.
Public Arbitrator, Presiding Chairperson

FEB 6, 2004

Signature Date

Thomas R. Kline, Esq.
Public Arbitrator, Panelist

Signature Date

Thomas T. Murphy, CPA
Non-Public Arbitrator, Panelist

Signature Date

2/11/04

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