

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Claimants

Barbara Hillyer and Frederick Hillyer

v.

03-03311

Minneapolis, Minnesota

Respondents

Financial Network Investment Corporation
JRA Financial Advisors,
and James R. Reynolds

Customers v. Member Firm, Non-Member Firm and Associated Person

REPRESENTATION OF PARTIES

Barbara Hillyer and Frederick Hillyer ("Claimants") were represented by Terrence J. Flemming, Esq., and Sandra S. Smalley, Esq., of Lindquist & Vennum PLLP, Minneapolis, Minnesota.

Financial Network Investment Corporation ("FNIC"), JRA Financial Advisors, ("JRA"), and James R. Reynolds ("Reynolds"), hereinafter collectively referred to as "Respondents," were represented by Frank A. Taylor, Esq., and Julie H. Firestone, Esq., of Briggs & Morgan P.A., Minneapolis, Minnesota.

CASE INFORMATION

The Statement of Claim was filed on or about May 6, 2003. The Uniform Submission Agreements of Claimants were signed on or about February 15, 2003.

The Statement of Answer was filed jointly by Respondents on or about July 3, 2003. The Uniform Submission Agreement of Respondent, Financial Network Investment Corporation, was signed on or about July 1, 2003. The Uniform Submission Agreement of Respondents, JRA Financial Advisors, was signed by James Reynolds on behalf of JRA Financial Advisors on or about July 1, 2003. The Uniform Submission Agreement of Respondent, James R. Reynolds, was signed on or about July 1, 2003.

CASE SUMMARY

Claimants asserted the causes of action including the following: breach of contract; misrepresentations; failure to supervise; violations of the Securities and Exchange Act of 1934 and Rule 10b-5; violation of the Minnesota Securities Act; fraud; negligence and breach of fiduciary duty. The causes of action related to the recommendation and sale of investments in Intel stocks.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: failure to state a claim; lack of causation; failure to plead fraud with particularity; statute limitations; lack of responsibility or control over person(s) responsible; and the claims are barred, in whole or in part, by the equitable doctrines of estoppel, waiver, laches, ratification and/or unclean hands.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$150,000.00
Punitive/Exemplary Damages	\$500,000.00
Attorney's Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents requested that the claims asserted against them be denied in their entirety, that they be awarded their costs and attorneys' fees and that the panel recommend that all references to this matter be expunged from the CRD records of James R. Reynolds.

OTHER ISSUES CONSIDERED & DECIDED

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 the NASD Dispute Resolution (the "NASD").

The parties have resolved their disagreements via settlement and have stipulated to the entry of this award by the chairperson of the arbitration panel.

AWARD

After considering the parties' submissions and representations, but without making any conclusions of law, the undersigned arbitrator orders as follows:

1. Claimants' claims, having been withdrawn, are dismissed with prejudice;
2. The panel recommends the expungement of all reference to the above captioned arbitration from Respondent James R. Reynolds's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Reynolds must obtain

confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;

3. Any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied with prejudice; and
4. 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 the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 375.00

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 Financial Network Investment Corporation.

Member surcharge	= \$ 2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 4,000.00

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:

The Hearing Dates were scheduled on: September 7-9, 2004. = \$ 300.00
(The parties advised NASD that this matter settled on September 6, 2004)

Forum Fees and Assessments

The 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 a single arbitrator x \$ 450.00 = \$ 450.00
Pre-hearing conference: July 14, 2004 1 session

One (1) Pre-hearing session with Panel x \$ 1,200.00 = \$ 1,200.00

Pre-hearing conference: February 19, 2004 1 session
Total Forum Fees = \$ 1,650.00

The panel has assessed \$ 825.00 of the forum fees to Claimants, Barbara Hillyer and Frederick Hillyer.

The panel has assessed \$ 825.00 of the forum fees jointly and severally to Respondents, Financial Network Investment Corporation, JRA Financial Advisors, and James R. Reynolds.

Pursuant to NASD Code of Arbitration Procedure Rule 10332(f), Claimants' Hearing Session Deposit of \$ 1,200.00 is retained by NASD.

FEE SUMMARY

Claimants, Barbara and Frederick Hillyer, are jointly and severally, liable for:

Initial Filing Fee	= \$ 375.00
<u>Retention of Hearing Session Deposit Per Rule 10332 (f)</u>	<u>= \$ 350.00</u>
Three-Day Cancellation Fee	= \$ 150.00
<u>Forum Fees</u>	<u>= \$ 825.00</u>
Total Fees	= \$ 1,700.00
<u>Less payments</u>	<u>= \$ 1,700.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Financial Network Investment Corporation, is liable for:

<u>Member Fees</u>	<u>= \$ 7,000.00</u>
Total Fees	= \$ 7,000.00
<u>Less payments</u>	<u>= \$ 7,000.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, Financial Network Investment Corporation, JRA Financial Advisors, and James R. Reynolds, are jointly and severally liable for:

Forum Fees	= \$ 825.00
<u>Three-Day Cancellation Fee</u>	<u>= \$ 150.00</u>
Total Fees	= \$ 975.00
<u>Less payments</u>	<u>= \$ 0.00</u>

Balance Due NASD Dispute Resolution

= \$ 975.00

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

ARBITRATOR

James A. Lundberg, Esq. - Public Arbitrator, Presiding Chair

Arbitrator's Signature:

James A. Lundberg, Esq.
Public Arbitrator, Presiding Chair

Signature Date

1/27/05
Date of Service (For NASD office use only)

Balance Due NASD Dispute Resolution


= \$ 975.00

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

ARBITRATOR

James A. Lundberg, Esq. - Public Arbitrator, Presiding Chair

Arbitrator's Signature:


James A. Lundberg, Esq.
Public Arbitrator, Presiding Chair

1/28/2005
Signature Date

1/27/05
Date of Service (For NASD office use only)