

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Rukmini Kanna, Venkanna Kanna and The Kanna Family Limited Partnership (Claimants) vs. McDonald Investments, and Jason Wireman (Respondents) vs. Hilliard Lyons (Third-Party Respondent)

Case Number: 03-04393

Hearing Site: Columbus, Ohio

Nature of the Dispute: Initial Claim: Customers vs. Member and Associated Person.

Third-Party Claim: Member and Associated Person vs. Member.

REPRESENTATION OF PARTIES

Claimants Rukmini Kanna ("R. Kanna"), Venkanna Kanna ("V. Kanna") and The Kanna Family Limited Partnership ("Kanna Partnership") hereinafter collectively referred to as "Claimants": W. Sean Kelleher, Esq., W. Sean Kelleher, Attorney at Law, Columbus, OH. Previously represented by Gary D. Greenwald, Esq., Shayne & Greenwald.

Respondents McDonald Investments ("McDonald") and Jason Wireman ("Wireman") hereinafter collectively referred to as "Respondents": Kimberly M. Moses, Esq., Calfee, Halter & Griswold LLP, Cleveland, OH.

Third- Party Respondent Hilliard Lyons hereinafter referred to "Third-Party Respondent": Brian A. Carlis, Esq., Stark & Stark, Princeton, NJ.

CASE INFORMATION

Statement of Claim filed on or about: June 16, 2003.

Claimant R. Kanna signed the Uniform Submission Agreement: June 11, 2003.

Claimant V. Kanna signed the Uniform Submission Agreement: June 11, 2003.

Claimant Kanna Partnership signed the Uniform Submission Agreement: June 11, 2003.

Joint Statement of Answer and Third-Party Claim filed by Respondents on or about: August 25, 2003.

Respondent McDonald signed the Uniform Submission Agreement: July 10, 2003.

Respondent Wireman signed the Uniform Submission Agreement: August 26, 2003.

Statement of Answer filed by Third-Party Respondent on or about: November 11, 2003.

Third-Party Respondent signed the Uniform Submission Agreement: May 14, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: fraud, unsuitability, breach of fiduciary duty, negligence, failure to supervise and misrepresentations. The causes of action relate to unspecified securities.

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

In their Third-Party Claim Respondents asserted the following causes of actions: indemnity and/or contribution.

Unless specifically admitted in its Answer, Third-Party Respondent denied the allegations made in the Third-Party Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$706,175.50, punitive damages in the amount of \$450,000.00, attorneys' fees, costs and such other relief the Panel may deem just and proper.

Respondents requested that the Panel dismiss the Statement of Claim in its entirety, and that the Claimants be assessed all fees and expenses along with Respondents' attorneys' fees.

In their Third-Party Claim Respondents requested that Third-Party Respondent be liable for any and all damages incurred by Respondents as a result of Claimant's claim.

Third-Party Respondent requested that the Panel dismiss the Third-Party Claim with prejudice, grant costs and expenses of this arbitration, including attorneys' fees, and such other and further relief as is just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated August 4, 2005 Respondents dismissed without prejudice their Third-Party Claims against Third-Party Respondent.

At the close of Claimant's case Respondent made a Motion to Dismiss the claim. After due deliberation, the Panel denied the Motion.

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

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
Third Party Claim filing fee	= \$2,000.00

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 at the time of the events giving rise to the dispute. Accordingly, McDonald Investments and Hilliard Lyons are parties.

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

February 22-25, 2005 adjournment by Claimants	Waived
December 12-15, 2005 adjournment request by Claimants and Respondents	Waived
February 15-19, 2005 adjournment by Claimants	= \$1,500.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

One (1) Pre-hearing session with a single arbitrator @ \$450.00	= \$ 450.00
Pre-hearing conference: December 2, 2005 1 session	

Two (2) Pre-hearing sessions with Panel @ \$1,200.00	= \$2,400.00
Pre-hearing conferences: May 7, 2004 1 session	
February 1, 2006 1 session	

Four (4) Hearing sessions @ \$1,200.00	= \$4,800.00
Hearing Dates: April 19, 2006 2 sessions	
April 20, 2006 2 sessions	

Total Forum Fees	= \$7,650.00
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1. The Panel has assessed \$1,200.00 of the forum fees to Claimants jointly and severally.
2. The Panel has assessed \$6,450.00 of the forum fees to Respondent McDonald.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
Adjournment Fee	= \$ 1,500.00
<u>Forum Fees</u>	<u>= \$ 1,200.00</u>
Total Fees	= \$ 3,200.00
<u>Less payments</u>	<u>= \$ 1,700.00</u>
Balance Due NASD Dispute Resolution	= \$ 1,500.00

2. Respondent McDonald is solely liable for:

Member Fees	= \$ 8,550.00
<u>Forum Fees</u>	<u>= \$ 6,450.00</u>
Total Fees	= \$15,000.00
<u>Less payments</u>	<u>= \$ 9,750.00</u>
Balance Due NASD Dispute Resolution	= \$ 5,250.00

3. Respondents are jointly and severally liable for:

<u>Filing Fee</u>	<u>= \$ 2,000.00</u>
Total Fees	= \$ 2,000.00
<u>Less payments</u>	<u>= \$ 2,000.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

4. Third-Party Respondent is solely liable for:


<u>Member Fees</u>	<u>= \$ 8,550.00</u>
Total Fees	= \$ 8,550.00
<u>Less payments</u>	<u>= \$ 8,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

Benjamin B. Segel, Esq.	-	Public Arbitrator, Presiding Chairperson
Carol M. Stoner, Esq.	-	Public Arbitrator
Erick Zanner	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Benjamin B. Segel, Esq.
Public Arbitrator, Presiding Chairperson

4/28/06
Signature Date

Carol M. Stoner, Esq.
Public Arbitrator

Signature Date

Erick Zanner
Non-Public Arbitrator

Signature Date

April 28, 2006
Date of Service (For NASD Dispute Resolution use only)

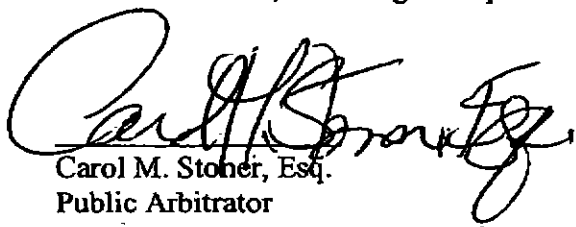
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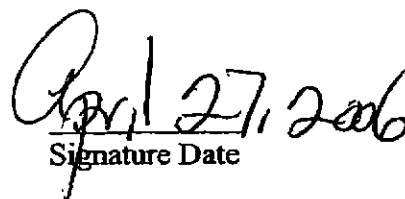
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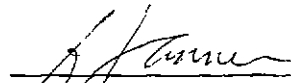
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