

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Robert D. Morgan, Stephanie D. Morgan, and Lite Industries Inc., Claimants v. Multi-Financial Securities Corporation, James A. Batten, James E. Lodge, George T. Diachok, Russell R. Diachok, and Douglas G. Temple-Trujillo, Respondents

Case Number: 03-09136

Hearing Site: Salt Lake City, Utah

Nature of the Dispute: Customers v. Member and Associated Persons

REPRESENTATION OF PARTIES

For Claimants:

Randall R. Heiner, Esq.
Law Offices of Randall R. Heiner
Salt Lake City, Utah

For Respondents
Multi-Financial Securities
Corporation, James A. Batten,
James E. Lodge and Douglas G. Temple-Trujillo

William D. Nelson, Esq.
Rothgerber Johnson & Lyons LLP
Denver, Colorado

For Respondent George T. Diachok:

George T. Diachok
In Pro Se
Littleton, Colorado

For Respondent Russell R. Diachok

Russell R. Diachok,
In Pro Se
Columbine Valley, Colorado

CASE INFORMATION

Statement of Claim filed: December 19, 2003

Claimants' Joint Uniform Submission Agreement signed: December 7, 2003

Respondents Multi-Financial Securities Corporation, James A. Batten, James E. Lodge and Douglas G. Temple-Trujillo's Joint Statement of Answer filed: February 26, 2004

Respondent Multi-Financial Securities Corporation's Uniform Submission Agreement signed: January 5, 2004

Respondent James A. Batten's Uniform Submission Agreement signed: March 1, 2004

Respondent James E. Lodge's Uniform Submission Agreement signed: March 2, 2004

Respondent George T. Diachok's Uniform Submission Agreement: None submitted

Respondent Russell R. Diachok's Uniform Submission Agreement: None submitted

CASE SUMMARY

Claimants asserted causes of action including the following: violation of Rule 10b-5; violation of § 30-1446(1) of the Idaho Securities Act; violation of § 30-1446(2) of the Idaho Securities Act; breach of fiduciary duty; breach of contract; and negligence. The causes of action related to the sale of various Class B mutual funds and the purchase of shares of Eagle Wireless stock in two accounts owned or controlled by Claimants. Claimants asserted that Respondents misrepresented or failed to disclose material facts in connection with the transactions. Claimants also asserted that MFSC, Lodge and Temple-Trujillo were negligent in their supervision of the activities of Batten.

Respondents denied the allegations as set forth in the Statement of Claim and asserted affirmative defenses including the following: Claimants' claims are barred by the applicable statutes of limitation and/or repose; Claimants failed to mitigate their damages; Claimants' damages, if any, were caused by their own conduct, the conduct of third persons or by circumstances over which Respondents had neither responsibility nor control; Claimants failed to plead fraud with particularity; Claimants' claims are barred and/or limited by their own comparative fault and negligence; Claimants had actual and/or constructive knowledge of all relevant facts and investment risks and assumed the risks associated with their own investment choices; Claimants themselves directed and controlled the investment choices that are the subject of this arbitration; Claimants' claims are barred by the doctrine of unclean hands and/or any other equitable doctrine; and there is no private right of action for violation of securities industry rules, including the supervision rules.

RELIEF REQUESTED

Claimants requested compensatory damages in the sum of \$372,757.00 for losses in the Eagle Wireless stock, deferred sales charges surrender charges and penalties in the sum of \$9,935.00 on the liquidation of Class B funds, margin interest expense, pre-award interest at 6% per annum, post-award interest at 12% per annum, unspecified punitive damages and costs, including reimbursement of filing and forum fees, and attorneys' fees of 40% of the total award.

Respondents requested dismissal of the Claimants' Statement of Claim in its entirety, and costs, including forum fees and attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

On February 13, 2004, Claimants dismissed all claims against Respondents Russell R. Diachok and George T. Diachok without prejudice.

Respondents George T. Diachok and Russell R. Diachok did not file with the NASD Dispute Resolution properly executed submission agreements, however, all said Respondents are required to submit to arbitration, and are bound by the determination of the Panel on all issues submitted.

Respondent Douglas G. Temple-Trujillo did not file with the NASD Dispute Resolution properly executed submission agreement, however, Respondent is required to submit to arbitration, and having answered the claim, is bound by the determination of the Panel on all issues submitted.

Prior to the hearing, the Parties fully and finally settled all claims by and between them. As a part of their settlement agreement, the Parties submit this Stipulated Award to the Panel for its consideration.

The parties agreed that the Stipulated Award in this matter may be executed in counterpart copies or that a handwritten, signed Stipulated Award may be entered.

STIPULATED AWARD

After considering the pleadings, and the Parties' request for this Stipulated Award, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants and Respondents have entered into a confidential settlement agreement.
2. Claimants' claims, having been withdrawn, are dismissed with prejudice in their entirety.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent James E. Lodge's registration records maintained by NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Respondent James E. Lodge must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Douglas G. Temple-Trujillo's registration records maintained by NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Respondent Douglas G. Temple-Trujillo must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
5. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, including punitive damages, are denied with prejudice.
6. The parties shall each bear all costs and expenses incurred by them in connection with this proceeding including, but not limited to, attorneys' fees. Any additional costs as a result of this Stipulated Award shall be assessed to Respondents.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 300.00
--------------------------	-------------

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events which gave rise to the dispute, claim, or controversy. Accordingly, the member firm Multi-Financial Securities Corporation is a party and the following fees are assessed:

Member Surcharge	= \$ 1,700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 2,750.00</u>
Total Member Fees	= \$ 5,200.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Panel.

The following fees are assessed:

(1) Pre-hearing conference session with the Panel @ \$1,125.00/session	= \$ 1,125.00
Pre-hearing conference: June 7, 2004	1 session

Total Forum Fees	= \$ 1,125.00
-------------------------	----------------------

The Panel assessed \$562.50 of the forum fees jointly and severally to Claimants.

The Panel assessed \$562.50 of the forum fees to Respondent Multi-Financial Securities Corporation.

Fee Summary

1. Claimants Robert D. Morgan, Stephanie D. Morgan, and Lite Industries Inc. are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	= \$ 562.50
Total Fees	= \$ 862.50
<u>Less payments</u>	= \$(1,425.00)
Refund Due Claimants	= \$ (562.50)

2. Respondent Multi-Financial Securities Corporation is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
<u>Forum Fees</u>	= \$ 562.50
Total Fees	= \$ 5,762.50
<u>Less payments</u>	= \$ (5,200.00)
Balance Due NASD Dispute Resolution	= \$ 562.50

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

Parties' Signatures



Randall R. Heiner Esq.
Attorney at Law
For and on behalf of Claimants

Jan. 10, 2006
Signature Date

LAW OFFICES OF ROTHBERGER JOHNSON
& LYONS

By: William D. Nelson, Esq.
For and on behalf of Respondents

Signature Date

Parties' Signatures

Randall D. Heiner Esq.
Attorney at Law
For and on behalf of Claimants

Signature Date

LAW OFFICES OF ROTHBERGER JOHNSON
& LYONS



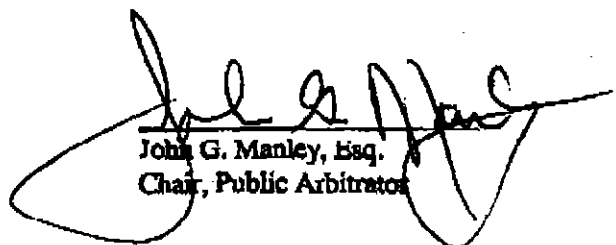
By: William D. Nelson, Esq.
For and on behalf of Respondents

1-18-06
Signature Date

ARBITRATION PANEL

John G. Manley, Esq.	-	Public Arbitrator, Presiding Chair
Tamie P. Speciale, J.D.	-	Public Arbitrator
B. David Jarashow, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


John G. Manley, Esq.
Chair, Public Arbitrator

1-18-06
Signature Date

Tamie P. Speciale, J.D.
Public Arbitrator

Signature Date

B. David Jarashow, Esq.
Non-Public Arbitrator

Signature Date

1/23/06
Date of Service

ARBITRATION PANEL

John G. Manley, Esq.	-	Public Arbitrator, Presiding Chair
Tamie P. Speciale, J.D.	-	Public Arbitrator
B. David Jarashow, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

John G. Manley, Esq.
Chair, Public Arbitrator

Signature Date



Tamie P. Speciale, J.D.
Public Arbitrator

1/20/2006

Signature Date

B. David Jarashow, Esq.
Non-Public Arbitrator

Signature Date

1/23/06

Date of Service