

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Name of Claimant

Dixie C. Watt, individually and as trustee for
the benefit of Dixie C. Watt Revocable Trust

And

04-01989
Nashville, Tennessee

Name of Respondents

Royal Alliance Associates, Inc.
Philip W. Russell

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

REPRESENTATION OF PARTIES

Dixie C. Watt, individually and as trustee for the benefit of Dixie C. Watt Revocable Trust ("Claimant") was represented by Charles Patrick Flynn, Esq. and Michael K. Radford, Esq., Flynn & Radford, P.C., Brentwood, Tennessee.

Royal Alliance Associates, Inc. ("Royal Alliance") and Philip W. Russell ("Russell"), hereinafter collectively referred to as "Respondents", were represented by David A. Baugh, Esq., Mora, Baugh, Waitzman & Unger LLC, Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about March 23, 2004. The Submission Agreement of Claimant was signed on or about March 16, 2004.

Combined Motion to Dismiss, Answering Statement and Affirmative Defenses was filed by Respondents, Royal Alliance and Russell, on or about May 28, 2004. The Submission Agreement of Royal Alliance was signed on or about April 26, 2004. The Submission Agreement of Russell was signed on or about April 26, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: fraud; breach of fiduciary duty; breach of contract; violation of the Tennessee Consumer Protection Act; conversion; churning; violation of securities act; failure to supervise; and negligence/negligent misrepresentation. The claims arose from purchases of stock from 1997 through 2002.

Respondents denied the material allegations of the Statement of Claim and affirmatively alleged that all recommendations and investments as issue were suitable and consistent with Claimant's stated investment objectives, wealth and financial status, sophistication and risk tolerance; that Respondents, at all times, acted in good faith and complied with all industry standards and duties; that Claimant ratified the investments at issue; and that Respondents did not cause any of the losses claimed.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$1,200,000.00
Punitive Damages	\$5,000,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents requested that the claims asserted be denied and dismissed in their entirety, that Claimant be assessed with all fees and costs; and that an award be entered recommending an expungement of all references to Claimant and the Arbitration Proceeding from the registration records of Philip W. Russell.

OTHER ISSUES CONSIDERED & DECIDED

The Panel ruled on Respondents Motion to Dismiss on or about November 8, 2004. They dismissed the claim concerning the Tennessee Consumer Protection Act, but denied the motion on all other grounds asserted.

In accordance with Rule 10336 of the NASD Code of Arbitration Procedure ("Code"), the parties agreed that a single Arbitrator, the Panel Chairperson, would enter any Award.

On or about April 27, 2005, Claimant dismissed all claims against Philip W. Russell with prejudice prior to hearing. Thereafter, Claimant informed NASD Dispute Resolution that the remaining claims had been fully settled, resolved and compromised. The parties filed a Stipulation and Notice of Dismissal with NASD Dispute Resolution, which requested that the Panel enter an order and/or award expunging any references to Claimants, the claims and these proceedings from the registration records of Philip W. Russell, which are maintained by the NASD Central Registration Depository ("CRD").

The parties have agreed that the Stipulated Award in this matter may be executed in counterpart copies. 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").

AWARD

After considering the pleadings and the stipulation of the parties, but without making any findings of fact or conclusions of law, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination and find as follows:

1. All claims against Philip W. Russell and Royal Alliance Associates, Inc., are hereby dismissed with prejudice.
2. The Panel recommends the expungement of any references to Claimant, her claims and the above-captioned arbitration from Philip W. Russell's registration records maintained by the CRD, with the understanding that, pursuant to NASD Notice to Members 99-09, confirmation of this Award must be obtained from a court of competent jurisdiction before the CRD will execute the expungement directives.
3. Any forum fees incurred in connection with the pre-hearing conference shall be paid by the Respondents; all other costs, including attorneys' fees, shall be borne by the respective party incurring same.
4. Any and all relief not specifically addressed herein, including attorneys' fees and costs, is denied and all claims are dismissed with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	\$ 600.00
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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 firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firm is Royal Alliance Associates, Inc.

Member surcharge	\$ 3,350.00
Pre-hearing process fee	\$ 750.00
Hearing process fee	\$ 5,500.00
Member Fees	<u>\$ 9,600.00</u>

Forum Fees and Assessments

The Arbitration 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:

Two (2) Pre-hearing sessions with Panel	x \$ 1,200.00	\$ 2,400.00
Pre-hearing conferences: August 26, 2004	1 session	
November 8, 2004	1 session	
<hr/> Total Forum Fees		<hr/> \$ 2,400.00

Pursuant to the parties agreement, \$2,400.00 of the forum fees are assessed jointly and severally to Royal Alliance and Russell.

FEE SUMMARY

Claimant shall be and hereby is liable for:

Initial Filing Fee	\$ 600.00
Total Fees	\$ 600.00
Less Payments	\$ 1,800.00
Refund Due by NASD Dispute Resolution	\$ 1,200.00

Respondent, Royal Alliance, shall be and hereby is liable for:

Member Fee	\$ 9,600.00
Total Fees	\$ 9,600.00
Less Payments	\$ 9,600.00
Balance Due NASD Dispute Resolution	\$ 0.00

Respondents, Royal Alliance and Russell, shall be and hereby are jointly and severally liable for:

Forum Fees	\$ 2,400.00
Total Fees	\$ 2,400.00
Less Payments	\$ 0.00
Balance Due NASD Dispute Resolution	\$ 2,400.00

All balances are due to NASD Dispute Resolution

NASD Dispute Resolution
Arbitration No. 04-01989
Stipulated Award Page 5 of 5

ARBITRATOR

Robert S. Brandt, J.D. - Public Arbitrator, Presiding Chair

Robert S. Brandt
Robert S. Brandt, J.D.
Public Arbitrator, Presiding Chair

August 29, 2005
Signature Date

8/29/05
Date of Service (For NASD office use only)