

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Linda Frank

and

Case Number: 04-03957
Hearing Site: Houston, Texas

Names of Respondents

Wachovia Securities, LLC and
Lombard Securities, Inc.

NATURE OF DISPUTE

Customer v. Member Firms

REPRESENTATION OF PARTIES

Linda Frank ("**Claimant**") was represented by Enrique G. Serna, Esq., Serna & Associates, PLLC, San Antonio, Texas.

Wachovia Securities, LLC ("**Wachovia**") was represented by Timothy S. Baird, Esq., Wachovia Securities, LLC, Richmond, Virginia.

Lombard Securities, Inc. ("**Lombard**") was represented by David L. Casterline, Esq., Hermosa Beach, California.

CASE INFORMATION

The Statement of Claim was filed on or about June 3, 2004. The Submission Agreement of Claimant, Linda Frank, was signed on or about June 3, 2004. Claimant filed her Answer to Lombard's Counterclaim, Claimant's Motion to Dismiss the Counterclaim and Claimant's Response to Lombard's Motion to Sever on or about October 25, 2004. On or about March 16, 2005, Claimant filed the First Amended Statement of Claim.

The Statement of Answer was filed by Respondent, Wachovia Securities, LLC, on or about January 31, 2005. The Submission Agreement of Respondent, Wachovia Securities, LLC, was signed on or about January 28, 2005.

The Statement of Answer, Motion to Sever and Counterclaim was filed by Respondent, Lombard Securities, Inc., on or about October 13, 2004. The Submission Agreement of

Respondent, Lombard Securities, Inc., was signed on or about October 4, 2004. On or about December 2, 2004, Lombard filed its Response to Claimant's Motion to Dismiss the Counterclaim. On or about December 28, 2004, Lombard filed its Reply to its Motion to Sever.

CASE SUMMARY

Claimant asserted the following causes of action: churning, negligence, misrepresentations, violation of Texas Securities Act, and common law fraud. The causes of action related to the recommendation and purchase of various unspecified securities. Claimant alleged that James Michael Justice, a broker who was employed at both Lombard and Wachovia, invested her assets in securities that were contrary to her investment objectives. Claimant alleged that she was not properly informed by Justice, Lombard or Wachovia regarding the risks associated with the trading options or on margin.

Unless specifically admitted in its Answer, Respondent Wachovia denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant's claims are barred because she expressly ordered, approved, participated in, or ratified each trade or transactions in her accounts; Claimant, by her conduct, and under all of the circumstances of the case, is estopped from asserting any claims with respect to the trades or transactions in her accounts; Claimant's claims are barred by the doctrines of waiver, estoppel or ratification; Claimant's claims are barred in whole or in part by the applicable statute of limitations or the equitable doctrine of laches; Claimant failed to mitigate her damages; and Claimant failed to state any claim upon which relief can be granted.

Unless specifically admitted in its Answer, Respondent Lombard denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant failed to state a claim upon which relief can be granted. In its Counterclaim, Lombard asserted the Statement of Claim was brought in bad faith and without resort to lawful civil process for a legitimate and lawful purpose.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$400,000.00
Punitive/Exemplary Damages	\$100,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents, Wachovia and Lombard, requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

In its Counterclaim, Lombard requested an award against both Claimant and Claimant's attorney for expenses and costs incurred in defending the Statement of Claim, including reasonable attorneys' fees, punitive damages, and other appropriate sanctions for bringing this frivolous claim and engaging Lombard in litigation in bad faith.

OTHER ISSUES CONSIDERED & DECIDED

On or about February 7, 2005, during the initial prehearing conference call, the parties agreed to the filing of an Amended Statement of Claim without leave from the Panel. In addition, the Panel denied the Motion to Sever.

On or about April 11, 2005, Wachovia was dismissed with prejudice by Claimant.

On or about May 26, 2005, the Panel granted Claimant's Motion to Dismiss the Counterclaim against Claimant's attorney, Mr. Enrique G. Serna, Esq. and denied Claimant's Motion to Dismiss the Counterclaim against Claimant, Ms. Linda Frank.

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 NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Claimant's claims, each and all, are hereby dismissed with prejudice;
- 2.) The Counterclaim of Respondent, Lombard Securities, Inc., is dismissed with prejudice;
- 3.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 4.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied 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	= \$ 300.00
Counterclaim filing fee	= \$ 500.00

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. In this matter, the member firms are Wachovia Securities, LLC and Lombard Securities, Inc.

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00

Adjournment Fees

Adjournments granted during these proceedings:

June 6-9, 2006, adjournment requested by Lombard	= \$ 1,125.00
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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:

Three (3) Pre-hearing sessions with Panel x \$1,125.00	= \$ 3,375.00
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Pre-hearing conferences:	February 7, 2005	1 session
	May 26, 2005	1 session
	February 2, 2006	1 session

Seven (7) Hearing sessions x \$1,125.00	= \$ 7,875.00
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Hearing Dates:	July 25, 2006	2 sessions
	July 26, 2006	2 sessions
	July 27, 2006	2 sessions

July 28, 2006

1 session

Total Forum Fees = \$ 11,250.00

The Arbitration Panel has assessed \$11,250.00 of the forum fees to Linda Frank.

Fee Summary

Claimant, Linda Frank, is liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 11,250.00
Total Fees	= \$ 11,550.00
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 10,125.00

Respondent, Wachovia Securities, LLC, is liable for:

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Lombard Securities, Inc., is liable for:

Counterclaim Filing Fee	= \$ 500.00
Member Fees	= \$ 5,200.00
Adjournment Fee	= \$ 1,125.00
Total Fees	= \$ 6,825.00
Less payments	= \$ 7,825.00
Refund Due to Lombard Securities, Inc.	= \$ 1,000.00

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

ARBITRATION PANEL

R. Lee Britton, Jr., Esq. - Public Arbitrator, Presiding Chair
Don E. Tomlinson - Public Arbitrator
Gregory E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

/s/ R. Lee Britton, Jr., Esq.
R. Lee Britton, Jr., Esq.
Public Arbitrator, Presiding Chair

August 3, 2006
Signature Date

/s/ Don E. Tomlinson
Don E. Tomlinson
Public Arbitrator

August 1, 2006
Signature Date

/s/ Gregory E. Cater
Gregory E. Cater
Non-Public Arbitrator

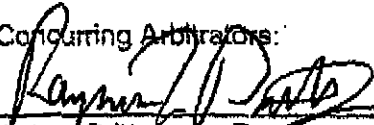
August 1, 2006
Signature Date

August 3, 2006
Date of Service (For NASD office use only)

ARBITRATION PANEL

R. Lee Britton, Jr., Esq. - Public Arbitrator, Presiding Chair
Don E. Tomlinson - Public Arbitrator
Gregory E. Cater - Non-Public Arbitrator

Concurring Arbitrators:



R. Lee Britton, Jr., Esq.
Public Arbitrator, Presiding Chair

08/03/06

Signature Date

Don E. Tomlinson
Public Arbitrator

Signature Date

Gregory E. Cater
Non-Public Arbitrator

Signature Date

8/2/06

Date of Service (For NASD office use only)

ARBITRATION PANEL

R. Lee Britton, Jr., Esq. - Public Arbitrator, Presiding Chair
Don E. Tomlinson - Public Arbitrator
Gregory E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

R. Lee Britton, Jr., Esq.
Public Arbitrator, Presiding Chair

Don E. Tomlinson
Don E. Tomlinson
Public Arbitrator

Signature Date

8/1/06
Signature Date

Gregory E. Cater
Non-Public Arbitrator

Signature Date

8/3/06
Date of Service (For NASD office use only)

ARBITRATION PANEL

R. Lee Britton, Jr., Esq. - Public Arbitrator, Presiding Chair
Don E. Tomlinson - Public Arbitrator
Gregory E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

R. Lee Britton, Jr., Esq.
Public Arbitrator, Presiding Chair

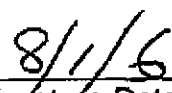
Signature Date

Don E. Tomlinson
Public Arbitrator

Signature Date



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Non-Public Arbitrator



Signature Date



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