

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Anita Rockwell

v.

04-05463

Minneapolis, Minnesota

Respondents

Securities America, Inc.,

SII Investments and Edward Pappas

Nature of Dispute: Customer v. Members and Associated Person

REPRESENTATION OF PARTIES

Anita Rockwell ("Claimant") was represented by Aaron R. Hartman, Esq., of Anthony Ostlund & Baer, P.A., Minneapolis, Minnesota.

Securities America, Inc. ("Securities America") and Edward Pappas ("Pappas"), during the time of his employment at Securities America, were represented by Gary Irwin, Esq., Edgerton, Weaver & Irwin, LLC, Minneapolis, Minnesota.

SII Investments ("SII") and Edward Pappas ("Pappas"), during the time of his employment at SII Investments, were represented by John Rock, Esq., of Dorsey & Whitney, LLP, Minneapolis, Minnesota.

CASE INFORMATION

The Statement of Claim was filed on or about July 30, 2004. The Submission Agreement of Claimant was signed on or about July 30, 2004.

A Statement of Answer was filed jointly by Respondents, Securities America and Pappas, on or about September 30, 2004. The Submission Agreement of Respondent, Securities America, was signed on or about August 20, 2004. A Statement of Answer was filed jointly by Respondents, SII and Pappas, on or about October 14, 2004. The Submission Agreement of Respondent, SII, was signed on or about August 31, 2004. The Submission Agreement of Respondent, Pappas, was signed on or about September 30, 2004.

CASE SUMMARY

Claimant asserted causes of action including the following: breach of fiduciary duty, negligence, failure to supervise, respondeat superior, violation of NASD Rules and consumer fraud. Claimant

alleged that Pappas failed to properly allocate her managed retirement account and as a result, she incurred losses in her account. Claimant alleged that Pappas failed to adjust her investment strategy and took advantage of her lack of investment sophistication. Claimant further alleged that SII and Securities America failed to supervise the actions of Pappas.

Respondents, Securities America and Pappas, denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: Claimant failed to state a claim upon which relief can be granted; the alleged damages claimed by Claimant are not the result of any act or omission on the part of the Respondents; Claimant, by her conduct and under all circumstances of this case, is estopped from asserting her claim; Claimant's damages, if any, were due to the fault of persons and to factors and circumstances presently unknown to the Respondents, over which Respondents exercised no control, and for whose actions they are not responsible; there was no negligence or unconscionable action on the part of Respondents in handling Claimant's accounts; and Claimant's claims are barred, in whole or in part, by the applicable statute of limitations and by the doctrine of laches.

Respondents, SII and Pappas, denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim failed to state a claim upon which relief can be granted; all activity on the account was suitable and consistent with Claimant's stated investment objectives; Claimant, by her actions and inactions, waived the right to pursue a claim; losses, if any, were sustained as a result of Claimant's own comparative negligence and/or contributory negligence; Claimant authorized, directed and ratified all of the transactions in her accounts; at all times Respondents acted in good faith; and Claimant is barred from recovery because she knowingly assumed the risks of her investments.

RELIEF REQUESTED

Claimant requested an award of unspecified damages, plus punitive damages, attorney's fees, costs, interest and any other relief the panel deemed just and equitable.

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

Respondents, SII and Pappas, requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees. In addition, Respondents, SII and Pappas, requested arbitrators order an expungement of all references of this matter maintained by the Central Registration Depository ("CRD").

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 originals 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 denied and dismissed with prejudice;
2. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, including expungement, are denied with prejudice; and
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys' fees.

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 = \$ 250

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 Securities America, Inc., and SII Investments.

Member surcharge = \$ 1,500
Pre-hearing process fee = \$ 750
Hearing process fee = \$ 2,200

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:

One (1) Pre-hearing session with the Chairperson x \$ 450	= \$ 450
Pre-hearing conference: August 23, 2005 1 session	
Two (2) Pre-hearing sessions with Panel x \$ 1,000	= \$ 2,000
Pre-hearing conferences: January 14, 2005 1 session	
November 22, 2005 1 session	
Six (6) Hearing sessions with Panel x \$ 1,000	= \$ 6,000
Hearing Dates: October 19, 2005 1 session	
January 17, 2006 3 sessions	
January 18, 2006 2 sessions	
Total Forum Fees	= \$ 8,450

The Arbitration Panel has assessed \$ 7,450 of the forum fees to Anita Rockwell.

The Arbitration Panel has waived the forum fees for the October 19, 2005 hearing session.

FEE SUMMARY

Claimant, Anita Rockwell, is liable for:

Initial Filing Fee	= \$ 250
<u>Forum Fees</u>	= \$ 7,450
Total Fees	= \$ 7,700
<u>Less payments</u>	= \$ 1,250
Balance Due NASD Dispute Resolution	= \$ 6,450

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

<u>Member Fees</u>	= \$ 4,450
Total Fees	= \$ 4,450
<u>Less payments</u>	= \$ 4,450
Balance Due NASD Dispute Resolution	= \$ 0

Respondent, SII Investments, is liable for:

Member Fees	= \$ 4,450
Total Fees	= \$ 4,450
Less payments	= \$ 4,450
Balance Due NASD Dispute Resolution	= \$ 0

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

ARBITRATION PANEL

Michael W. Schley - Public Arbitrator, Presiding Chair
Lavon C. Phillips, Esq. - Public Arbitrator
Lawrence J. Welte - Non-Public Arbitrator

Concurring Arbitrators:

Michael W. Schley
Public Arbitrator, Presiding Chair

Signature Date

Lavon C. Phillips, Esq.
Public Arbitrator

Signature Date

Lawrence J. Welte
Non-Public Arbitrator

Signature Date

1/26/06

Date of Service (NASD use only)

Respondent, SII Investments, is liable for:

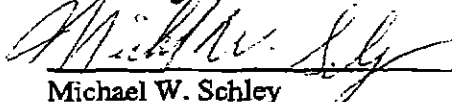
<u>Member Fees</u>	= \$ 4,450
<u>Total Fees</u>	= \$ 4,450
<u>Less payments</u>	= \$ 4,450
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0

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Lavon C. Phillips, Esq. - Public Arbitrator
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Public Arbitrator, Presiding Chair

1/26/06

Signature Date

Lavon C. Phillips, Esq.
Public Arbitrator

Signature Date

Lawrence J. Welte
Non-Public Arbitrator

Signature Date

1/26/06

Date of Service (NASD use only)

Respondent, SII Investments, is liable for:

Member Fees	= \$ 4,450
Total Fees	= \$ 4,450
Less payments	= \$ 4,450
Balance Due NASD Dispute Resolution	= \$ 0

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

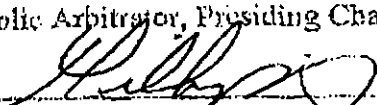
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Michael W. Schley
Public Arbitrator, Presiding Chair

Signature Date


Lavon C. Phillips, Esq.
Public Arbitrator

1-25-06
Signature Date

Lawrence J. Welte
Non-Public Arbitrator

Signature Date

1/26/06
Date of Service (NASD use only)

Respondent, SII Investments, is liable for:

<u>Member Fees</u>	= \$ 4,450
<u>Total Fees</u>	= \$ 4,450
<u>Less payments</u>	= \$ 4,450
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0

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