

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimant

Lawrence A. Simpson, Jr.

Case Number: 04-05824

Names of the Respondents

Legacy Financial Services, Inc.

Joseph Karsner

Hearing Site: Washington, D.C.

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

REPRESENTATION OF PARTIES

Claimant, Lawrence A. Simpson, Jr. hereinafter referred to as "Claimant", was represented by William B. Young, Esq., Hooper & Weiss, LLC, Orlando, Florida.

Respondents, Legacy Financial Services, Inc. ("Legacy") and Joseph Karsner ("Karsner"), hereinafter collectively referred to as "Respondents", were represented by Jeffrey J. Hines, Esq., Christopher M. Corchiarino, Esq., and George S. Mahaffey, Jr., Esq., Goodell, Devries, Leech & Dann, LLP, Baltimore, Maryland.

CASE INFORMATION

Statement of Claim filed on August 18, 2004.

Claimant signed the Uniform Submission Agreement on August 2, 2004.

Claimant filed a Response to the Motion to Dismiss on November 30, 2004.

Claimant filed an Amended Statement of Claim on March 28, 2005.

Motion to Dismiss filed by Respondents on November 8, 2004.

Respondents filed a Response to the Amended Statement of Claim and renewed their Motion to Dismiss on May 4, 2005.

Respondent Karsner signed the Uniform Submission Agreement on December 5, 2004.

A representative of Respondent Legacy executed the Uniform Submission Agreement on November 8, 2004.

CASE SUMMARY

Claimant in his Statement of Claim and Amended Statement of Claim alleged that the Respondents made unsuitable investment recommendations with regard to his accounts. The recommendations involved various mutual funds.

In their Motion to Dismiss and Statement of Answer, Respondents denied the allegations in the Statement of Claim and Amended Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant in his Statement of Claim and Amended Statement of Claim requested:

Compensatory Damages	\$124,000.00
Punitive Damages	amount unspecified
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondents requested that the Arbitration Panel (the "Panel") dismiss the Statement of Claim and Amended Statement of Claim in their entirety and that the Panel recommend the expungement of all reference to this arbitration from Respondent Karsner's record maintained by NASD Central Registration Depository ("CRD").

OTHER ISSUES CONSIDERED AND DECIDED

By Order dated March 12, 2005, the Panel granted Respondents' Motion to Dismiss on state statute of limitations grounds, with leave for the Claimant to file an Amended Statement of Claim.

By Order dated June 29, 2005 the Panel denied Respondents' renewed Motion to Dismiss, without prejudice to renewal of the motion at the hearing on the merits.

On or about December 1, 2005 the parties entered into an agreement to settle this matter on certain terms and conditions set forth in a confidential settlement agreement.

The parties agreed that the Respondents are not liable for the counts listed in the Statement of Claim and Amended Statement of Claim, and that the investments at issue were suitable.

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

AWARD

The parties entered into an agreement to present to the Panel a Stipulated Award. Upon motion of both parties for a Stipulated Award and Claimant's agreement, as a result of information and documents obtained during the discovery process, that all investments at issue were suitable and that the Respondents are not liable for any of the counts in the Statement of Claim and Amended Statement of Claim, the Panel hereby grants the parties' motion and enters this award granting the following relief:

1. Pursuant to the confidential settlement agreement reached between all parties, all claims against Respondents Legacy and Karsner are dismissed with prejudice in their entirety;
2. The Panel recommends the expungement of all reference to the above captioned

arbitration from Respondent Karsner's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Karsner must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive. Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing an expungement relief must name NASD as an additional party and serve NASD with all appropriate documents

Pursuant to Rule 2130, the Panel has made the following affirmative findings of fact: the claim, allegation or information is clearly erroneous and the registered person was not involved in the alleged investment-related sales practice violation;

3. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and
4. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

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	= \$ 300.00
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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 firms that employed the associated person(s) at the time of the events giving rise to the dispute. Accordingly, Respondent Legacy is a party.

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

September 13-16, 2005 joint adjournment request	fee waived
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Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), 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: October 4, 2005 1 session

Two (2) Pre-hearing sessions with Panel @ \$1,125.00 = \$2,250.00
Pre-hearing conferences: January 24, 2005 1 session
March 9, 2005 1 session

Total Forum Fees = \$2,700.00

1. The Panel has assessed \$1,275.00 of the forum fees to Claimant
2. The Panel has assessed \$150.00 of the forum fees to Respondent Legacy.
3. The Panel has assessed \$150.00 of the forum fees to Respondent Karsner.
3. The Panel has assessed \$1,125.00 of the forum fees jointly and severally to Respondents.

EEE SUMMARY

1. Claimant is assessed and shall pay the following fees:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$1,275.00
Total Fees	= \$1,575.00
Less payments	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$ 150.00

3. Respondent Legacy is assessed and shall pay the following fees:

Member Fees	= \$5,200.00
Forum Fees	= \$ 150.00
Total Fees	= \$5,350.00
Less payments	= \$5,200.00
Balance Due NASD Dispute Resolution	= \$ 150.00

3. Respondent Karsner is assessed and shall pay the following fees:

Forum Fees	= \$ 150.00
Total Fees	= \$ 150.00
Less payments	= \$ 00.00
Balance Due NASD Dispute Resolution	= \$ 150.00

4. Respondents are jointly and severally assessed and shall pay the following fees:

Forum Fees	= \$1,125.00
Total Fees	= \$1,125.00
Less payments	= \$ 00.00
Balance Due NASD Dispute Resolution	= \$1,125.00

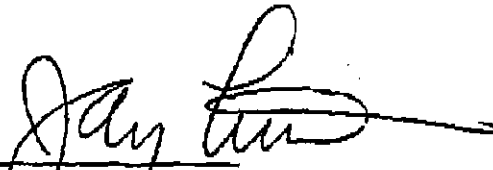
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

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ARBITRATION PANEL

Jay Lawrence Witkin, Esq.	-	Public Arbitrator, Presiding Chairperson
Anthony S. Paetro, Esq.	-	Public Arbitrator, Panelist
Paul A. Fischer, Esq.	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures


Jay Lawrence Witkin, Esq.
Public Arbitrator, Presiding Chairperson

February 17, 2006
Signature Date

Anthony S. Paetro, Esq.
Public Arbitrator, Panelist

Signature Date

Paul A. Fischer, Esq.
Non-Public Arbitrator, Panelist

Signature Date

2/23/06

Date of Service (For NASD Dispute Resolution office use only)

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