
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Rodney L. Vaughan
Deborah J. Vaughan

Case Number: 04-06112

Names of the Respondents

Suntrust Securities, Inc.
James Blake Buchanan, Jr.

Hearing Site: Tampa, Florida

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

REPRESENTATION OF PARTIES

For Rodney L. Vaughan ("R. Vaughan") and Deborah J. Vaughan ("D. Vaughan"), hereinafter collectively referred to as "Claimants": Robert Dyer, Esq., Allne, Dyer, Doppelt, Milbrath & Gilchrist, P.A., Orlando, Florida.

For Suntrust Securities, Inc. ("Suntrust") and James Blake Buchanan, Jr. ("Buchanan"), hereinafter collectively referred to as "Respondents": Francis M. Curran, Esq., Akerman Senterfitt, Tampa, Florida.

CASE INFORMATION

Statement of Claim filed on or about: August 26, 2004.

Claimants signed the Uniform Submission Agreement: August 9, 2004.

Response to the Statement of Claim filed by Respondents on or about: December 3, 2004.

Respondent Suntrust signed the Uniform Submission Agreement: September 22, 2004.

Respondent Buchanan signed the Uniform Submission Agreement: October 13, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: 1) violations of Florida Securities Investor Protection Act; 2) violation of the Securities Act of 1933; 3) violation of the Securities Exchange Act of 1934; 4) State and Federal common law fraud; 5) misrepresentation; 6) unsuitability; and 7) negligent supervision. The causes of action relate to Claimants' investments in, including but not limited to, Federated Bond Fund, Federated High Income Bond Fund and Federated Strategic Income Fund.

Unless specifically admitted in its Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses and other additional defenses.

RELIEF REQUESTED

Claimants requested: 1) compensatory damages in the amount of \$228,000.00; 2) costs; and 3) attorneys' fees.

Respondents did not delineate any relief request.

OTHER ISSUES CONSIDERED AND DECIDED

At the evidentiary hearing, Respondents made an ore tenus Motion to Recuse Arbitrator Grant. Arbitrator Grant refused the request to recuse himself and the undersigned arbitrators (the "Panel") denied the Motion to Recuse Arbitrator Grant

At the evidentiary hearing, an ore tenus Motion to Expunge the NASD Central Registration Depository ("CRD") record of Respondent Buchanan was made and the Panel denied the Motion.

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

AWARD

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

- 1) Respondents Suntrust and Buchanan are jointly and severally liable on the claims for violations of the Florida Securities Investor Protection Act, violation of the Securities Act of 1933, violation of the Securities Exchange Act of 1934, unsuitability and negligent supervision. Respondents Suntrust and Buchanan shall pay to the Claimants, jointly and severally, compensatory damages in the amount of \$200,000.00, plus interest at the prevailing statutory rate that shall accrue from August 27, 2004 until the date that this Award is satisfied.
- 2) Claimants' request for attorneys' fees is granted pursuant to Florida Statue, Chapter 517, and Respondents Suntrust and Buchanan shall pay to Claimants, jointly and severally, the Claimants attorneys' fees. The amount of attorneys' fees is to be determined by a court of competent jurisdiction.
- 3) Respondents Suntrust and Buchanan shall reimburse the Claimants \$300.00, jointly and severally, which represents the filing fee that was paid to NASD Dispute Resolution by Claimants.
- 4) Any and all other claims for relief not specifically addressed herein, including punitive damages, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent Suntrust is a party and a member firm.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00
Total Member Fees	= \$5,200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which fees were assessed.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

There were no three-day cancellation fees assessed during these proceedings.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

There were no injunctive relief fees assessed during these proceedings.

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 the Panel @ \$1,125.00/session = \$1,125.00

Pre-hearing conference: April 11, 2005 1 session

Six (6) Hearing sessions with Panel @ \$1,125.00/session = \$6,750.00

Hearing Dates: September 13, 2005 2 sessions
September 14, 2005 2 sessions
September 15, 2005 2 sessions

Total Forum Fees = \$7,875.00

The Panel has assessed all forum fees in the amount of \$3,937.50 to Claimants, jointly and severally.

The Panel has assessed all forum fees in the amount of \$3,937.50 to Respondents, jointly and severally.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$3,937.50
Total Fees	= \$4,237.50
<u>Less payments</u>	<u>= \$1,425.00</u>
Balance Due NASD Dispute Resolution	= \$2,812.50

Respondent Suntrust is solely liable for:

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

Respondents are jointly and severally liable for:

Forum Fees	= \$3,937.50
Total Fees	= \$3,937.50
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$3,937.50

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

ARBITRATION PANEL

James Barry Wright - *Public Arbitrator, Presiding Chairperson*
Robert W. Kneeland - *Public Arbitrator*
Terrance W. Grant - *Non-Public Arbitrator*

Concurring Arbitrators' Signatures

/s/
James Barry Wright
Public Arbitrator, Presiding Chairperson

9/26/05
Signature Date

/s/
Robert W. Kneeland
Public Arbitrator

9/24/05
Signature Date

/s/
Terrance W. Grant
Non-Public Arbitrator

9/23/05
Signature Date

9/26/05
Date of Service (For NASD Dispute Resolution office use only)

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<i>Terrance W. Grant</i>	-	<i>Non-Public Arbitrator</i>

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Public Arbitrator, Presiding Chairperson

9/26/05
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Public Arbitrator

Signature Date

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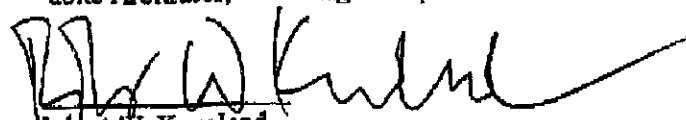
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Robert W. Kneeland	-	Public Arbitrator
Terrance W. Grant	-	Non-Public Arbitrator

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Public Arbitrator, Presiding Chairperson

Signature Date


Robert W. Kneeland
Public Arbitrator



Signature Date

Terrance W. Grant
Non-Public Arbitrator

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FROM NASD

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Public Arbitrator, Presiding Chairperson

Signature Date

Robert W. Kneeland
Public Arbitrator

Signature Date



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Non-Public Arbitrator

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