

Award

NASD Dispute Resolution

In the Matter of the Arbitration Between:

Glenn E. and Patricia N. Angle; Harrison and Mary Jane Burton; Harrison and Mary Jane Burton, Trustees of the Harrison and Mary Jane Burton Family Trust; Mary Jane Burton Custodian FBO Jake Schiffe, a minor under the California UGMA; Mary Jane Burton Custodian FBO Michael C. Burton, a minor under the California UGMA; Lee H. Butler; Armand R. and Helene G. Calande; Lois E. Caldwell Beneficiary Gemisys Trust Company IRA Account FBO Joseph E. Caldwell, deceased; Steven J. Casagrande and Babetta A. Casagrande; Loretta Louise Cox, aka Loretta L. Cotsis; William M. and Dorothy A. Crosthwait; Forris E. and Thelma L. Crow; Anthony V. DeSantis; Donald R. and Barbara L. Fisher; Gary N. and Royce L. Fisher; Esther C. Gonzales Beneficiary IRA Account FBO Freddie V. Gonzales, deceased; Diana L. Harris-Burgess; James and Imogene Hull; David O. and Beverly A. Kennedy; Edward A. Kennepohl, Trustee of the Pearl E. Kennepohl 1992 Trust; Muriel J. King; Ralph N. Cramer; Lawrence L. Ladd; Sherrie Laine Laveaux; Ricky L. Lyman, Successor Trustee of the Robert J. Stevens and Marjorie L. Stevens Revocable Living Trust; Bruce Macpherson; Donald F. Macpherson III; Donald F. Macpherson III Custodian FBO Mark I. Macpherson, a minor under the California UGMA; Murray Macpherson; Mary Jean Macpherson, Trustee of the Donald and Mary Jean Macpherson 2001 Trust; Mary Jean Macpherson, Successor Trustee of the M. Eleanor Orwig Family Trust; Robert C. Maginity and Victoria R. Maginity, Trustees of the Maginity Family Trust; Deanne M. Mary aka Deanne M. Mary-Pettit; Andria Mayfield; Steven Mayfield; Maureen R. McGovern; Michael C. McGovern; Dorothy J. Miller; Erwin L. and Rosa Lee Miller; LaVerna Morgan; Alice A. Noland; Douglas D. Oliver and Barbara S. Oliver; Barbara S. Oliver Custodian FBO Jason E. Oliver, a minor under the California UGMA; Jeffrey D. Oliver; Kathryn O. Medley, Executrix for the Estate of Russell M. Oliver and Dorothy D. Oliver, deceased; LeRoy and Shirley M. Pace; William G. Pursley; Eldred C. and Marilyn Reddick; Marion M. Ritchie, Executor for the Estate of Dorothy A. Parkhurst; Mark and Dana Ritter; Paula E. Ritter; Paula Elaine Ritter, Trustee for the Ritter Family Trust; Paula E. Ritter FBO Paul W. Mayfield, a minor under the California UGMA; Paula E. Ritter FBO Kenny Mayfield, a minor under the California UGMA; Paula E. Ritter FBO Bonnie Ritter, a minor under the California UGMA; Paula E. Ritter FBO Annie Ritter, a minor under the California UGMA; Mel G. and Patricia M. Roybal; Rodney W. Russell and Kathryn E. Russell; Joyce E. Sanford; John P. and Marigold Schmidt; Cedric H. and Patricia A. Schieber; Douglas R. Schmiedt; Robert W. and Betty L. Seaman; William and Barbara Sue Secrist; Patricia L. Sly; Gabriele V. Spitzer; Hedwig H. Spitzer; Audrey M. Strange; Joan Tester; Lawrence C. and Jacqueline Thorold; Casper R. and Lucy T. Tuminaro; Cleo V. Van Horne; Dolores K. Wagon; and Bernita Wilkason, Claimants v. ING a/k/a ING Financial Advisors, LLC f/k/a AETNA Investment Services, Inc., and Financial Network Investment Corporation, Respondents

Case Number: 04-06355

Hearing Site: San Francisco, California

Nature of the Dispute: Customers vs. Members

REPRESENTATION OF PARTIES

For Claimants: Nancy K. Udem, Esq.
Attorney At Law
Santa Barbara, California

For Respondents: Elizabeth Lowery, Esq.
Edgerton & Weaver, LLP
Hermosa Beach, California

CASE INFORMATION

Statement of Claim filed: August 31, 2004

First Amended Statement of Claim filed: November 30, 2005

Claimants' Reply to Respondents' Answer to Amended Statement of Claim filed: March 14, 2006

Claimants' Opposition to Respondents' First Motion to Dismiss and Second Motion to Dismiss entitled Amended Answer and Motion to Dismiss filed: April 17, 2006

Claimants' Glenn E. and Patricia N. Angle's Uniform Submission Agreement signed: November 25, 2003

Claimants' Harrison W. and Mary Jane Burton's Uniform Submission Agreement signed: November 25, 2003

Claimant Harrison and Mary Jane Burton Family Trust's Uniform Submission Agreement signed: October 16, 2004

Uniform Submission Agreement signed by Claimant Mary Jane Burton Custodian FBO Jake Schiffe: October 16, 2004

Uniform Submission Agreement signed by Claimant Mary Jane Burton Custodian FBO Michael C. Burton: October 16, 2004

Claimant Lee H. Butler's Uniform Submission Agreement signed: September 3, 2004

Claimants Armand R. and Helene G. Calande's Uniform Submission Agreement signed: December 1, 2003

Uniform Submission Agreement signed by Claimant Lois E. Caldwell Beneficiary Gemisys Trust Company IRA Account FBO Joseph E. Caldwell, deceased: October 15, 2004

Claimants Steven J. Casagrande and Babetta A. Casagrande's Uniform Submission Agreement signed: November 25, 2003

Claimant Loretta Louise Cox, aka Loretta L. Cotsis' Uniform Submission Agreement signed: November 25, 2003

Claimant Ralph N. Cramer's Uniform Submission Agreement signed: November 25, 2003

Claimants William M. and Dorothy A. Crosthwait's Uniform Submission Agreement signed: December 17, 2003

Claimants Forris E. and Thelma L. Crow's Uniform Submission Agreement signed: November 25, 2003

Claimant Anthony V. DeSantis' Uniform Submission Agreement signed: December 1, 2003

Claimants Donald R. and Barbara L. Fisher's Uniform Submission Agreement signed: November 28, 2003

Claimants Gary N. and Royce L. Fisher's Uniform Submission Agreement signed: December 18, 2003

Uniform Submission Agreement signed by Claimant Esther C. Gonzales Beneficiary IRA Account FBO Freddie V. Gonzales, deceased: December 17, 2003

Claimant Diana L. Harris-Burgess' Uniform Submission Agreement signed: December 20, 2003

Claimants James and Imogene Hull's Uniform Submission Agreement signed: November 24, 2003

Claimants David O. and Beverly A. Kennedy's Uniform Submission Agreement signed: November 30, 2003

Uniform Submission Agreement signed by Claimant Edward A. Kennepohl, Trustee of the Pearl E. Kennepohl 1992 Trust: October 16, 2004

Claimant Muriel J. King's Uniform Submission Agreement signed: November 25, 2003

Claimant Lawrence L. Ladd's Uniform Submission Agreement signed: November 25, 2003

Claimant Sherrie Laine Laveaux's Uniform Submission Agreement signed: December 19, 2003

Uniform Submission Agreement signed by Claimant Ricky L. Lyman, Successor Trustee of the Robert J. Stevens and Marjorie L. Stevens Revocable Living Trust: October 25, 2004

Claimant Bruce Macpherson's Uniform Submission Agreement signed: November 28, 2003

Claimant Donald F. Macpherson III's Uniform Submission Agreement signed: December 3, 2003

Uniform Submission Agreement signed by Claimant Donald F. Macpherson III Custodian FBO Mark I. Macpherson, a minor under the California UGMA: October 16, 2004

Claimant Murray Macpherson's Uniform Submission Agreement signed: December 15, 2003

Uniform Submission Agreement signed by Claimant Mary Jean Macpherson, Trustee of the Donald and Mary Jean Macpherson 2001 Trust: November 28, 2003

Uniform Submission Agreement signed by Claimant Mary Jean Macpherson, Successor Trustee of the M. Eleanor Orwig Family Trust: October 15, 2004

Uniform Submission Agreement signed by Robert C. Maginity and Victoria R. Maginity, Trustees of the Maginity Family Trust: October 14, 2004

Uniform Submission Agreement signed by Claimant Deanne M. Mary aka Deanne M. Mary-Pettit: November 23, 2003

Claimant Andria Mayfield's Uniform Submission Agreement signed: November 28, 2003

Claimant Steven Mayfield's Uniform Submission Agreement signed: November 28, 2003

Claimant Maureen R. McGovern's Uniform Submission Agreement signed: November 24, 2003

Claimant Michael C. McGovern's Uniform Submission Agreement signed: November 24, 2003

Claimant Dorothy J. Miller's Uniform Submission Agreement signed: November 28, 2003

Claimants Erwin L. and Rosa Lee Miller's Uniform Submission Agreement signed: November 24, 2003

Claimant LaVerna Morgan's Uniform Submission Agreement signed: November 24, 2003

Claimant Alice A. Noland's Uniform Submission Agreement signed: September 3, 2004

Claimants Douglas D. Oliver and Barbara S. Oliver's Uniform Submission Agreement signed: November 27, 2003

Uniform Submission Agreement signed by Claimant Barbara S. Oliver Custodian FBO Jason E. Oliver, a minor under the California UGMA: November 27, 2003

Claimant Jeffrey D. Oliver's Uniform Submission Agreement signed: November 28, 2003

Uniform Submission Agreement signed by Claimant Kathryn O. Medley, Executrix for the Estate of Russell M. Oliver and Dorothy D. Oliver, deceased: October 16, 2004

Claimants LeRoy and Shirley M. Pace's Uniform Submission Agreement signed: November 24, 2003

Claimant William G. Pursley's Uniform Submission Agreement signed: December 1, 2003

Claimants Eldred C. and Marilyn Reddick's Uniform Submission Agreement signed: December 1, 2003

Uniform Submission Agreement signed by Claimant Marion M. Ritchie, Executor for the Estate of Dorothy A. Parkhurst: October 18, 2004

Claimants Mark and Dana Ritter's Uniform Submission Agreement signed: November 27, 2003

Claimant Paula E. Ritter's Uniform Submission Agreement signed: November 26, 2003

Uniform Submission Agreement signed by Claimant Paula Elaine Ritter, Trustee for the Ritter Family Trust: November 26, 2003

Uniform Submission Agreement signed by Claimant Paula E. Ritter FBO Paul W. Mayfield, a minor under the California UGMA: November 26, 2003

Uniform Submission Agreement signed by Claimant Paula E. Ritter FBO Kenny Mayfield, a minor under the California UGMA: November 26, 2003

Uniform Submission Agreement signed by Claimant Paula E. Ritter FBO Bonnie Ritter, a minor under the California UGMA: November 26, 2003

Uniform Submission Agreement signed by Claimant Paula E. Ritter FBO Annie Ritter, a minor under the California UGMA: November 26, 2003

Claimants Mel G. and Patricia M. Roybal's Uniform Submission Agreement signed: November 25, 2003

Claimants Rodney W. Russell and Kathryn E. Russell's Uniform Submission Agreement signed: December 18, 2003

Claimant Joyce E. Sanford's Uniform Submission Agreement signed: November 24, 2003

Claimants John P. and Marigold Schmidt's Uniform Submission Agreement signed: November 25, 2003

Claimants Cedric H. and Patricia A. Schieber's Uniform Submission Agreement signed: November 24, 2003

Claimant Douglas R. Schmiedt's Uniform Submission Agreement signed: November 24, 2003

Claimants Robert W. and Betty L. Seaman's Uniform Submission Agreement signed: November 25, 2003

Claimants William and Barbara Sue Secrist's Uniform Submission Agreement signed: December 3, 2003

Claimant Patricia L. Sly's Uniform Submission Agreement signed: November 24, 2003

Claimant Gabriele V. Spitzer's Uniform Submission Agreement signed: December 31, 2003

Claimant Hedwig H. Spitzer's Uniform Submission Agreement signed: December 31, 2003

Claimant Audrey M. Strange's Uniform Submission Agreement signed: November 24, 2003

Claimant Joan Tester's Uniform Submission Agreement signed: November 25, 2003

Claimant Lawrence C. Thorold's Uniform Submission Agreement signed: June 12, 2003

Claimant Jacqueline Thorold's Uniform Submission Agreement signed: December 6, 2003

Claimants Casper R. and Lucy T. Tuminaro's Uniform Submission Agreement signed: November 25, 2003

Claimant Cleo V. Van Horne's Uniform Submission Agreement signed: November 24, 2003

Claimant Dolores K. Wagoner's Uniform Submission Agreement signed: November 25, 2003

Claimant Bernita Wilkason's Uniform Submission Agreement signed: December 4, 2003

Joint Statement of Answer filed by Respondents ING a/k/a/ ING Financial Advisors, LLC, f/k/a AETNA Investment Services, Inc. ("ING") and Financial Network Investment Corporation ("FNIC"): June 10, 2005

Respondents' Motion to Dismiss or, Alternatively, Motion to Sever filed: July 19, 2005

Respondents' Answer to Amended Statement of Claim/Bill of Particulars; and Motion for Dismissal and for Sanctions Against Claimants in an Amount of at Least \$35,000.00 filed: January 30, 2006

Respondents' Supplement to their Answer to Amended Statement of Claim/Bill of Particulars; and Motion for Dismissal and for Sanctions Against Claimants in an Amount of at Least \$35,000.00 filed: February 8, 2006

Respondents' Response to Claimants' Reply filed: March 17, 2006

Respondents ING and FNIC's Uniform Submission Agreement signed: August 5, 2005

CASE SUMMARY

Claimants alleged that they suffered losses because of Respondents' misrepresentation and omission of facts concerning Claimants' investments in Commonwealth Equity Trust. Claimants also alleged violation of NASD Rules and breach of fiduciary duty with respect to their investments.

Respondents denied Claimants' allegations of wrongdoing and denied any liability to Claimants. Respondents alleged that Claimants' claims should be rejected as time-barred and also asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested reimbursement of their losses in the approximate amount of \$2,000,000.00, plus interest. Claimants also requested punitive damages.

Respondents requested that Claimants' claims be dismissed in their entirety. In the alternative, in the event Claimants' claims are not dismissed in their entirety, Respondents requested:

1. That Claimants' individual causes of action be severed;
2. That Claimants take nothing by way of their individual claims; and
3. Such other and further relief as the arbitrators deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

On November 25, 2003 and March 11, 2005, Claimants Glenn E. Angle and Patricia N. Angle and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimants Harrison W. Burton and Mary Jane Burton and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimants Harrison and Mary Jane Burton, Trustees of the Harrison and Mary Jane Burton Family Trust and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimant Mary Jane Burton Custodian FBO Jake Schiffe, a minor under the California UGMA and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimant Mary Jane Burton Custodian FBO Michael C. Burton, a minor under the California UGMA and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On September 3, 2004 and March 11, 2005, Claimant Lee H. Butler and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 1, 2003 and March 11, 2005, Claimants Armand R. and Helene G. Calande and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 15, 2004 and March 11, 2005, Claimant Lois E. Caldwell Beneficiary Gemisys Trust Company IRA Account FBO Joseph E. Caldwell, deceased and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimants Steven J. Casagrande and Babetta A. Casagrande and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimant Loretta Louise Cox, aka Loretta L. Cotsis and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On or about March 11, 2005, NASD Dispute Resolution received Waiver Agreement signed by Claimant Ralph N. Cramer and Claimants' counsel expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 17, 2003 and March 11, 2005, Claimants William M. and Dorothy A. Crosthwait and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimants Forris E. and Thelma L. Crow and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 1, 2003 and March 11, 2005, Claimant Anthony V. DeSantis and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 28, 2003 and March 11, 2005, Claimants Donald R. and Barbara L. Fisher and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 18, 2003 and March 11, 2005, Claimants Gary N. and Royce L. Fisher and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 29, 2004 and March 11, 2005, Claimant Esther C. Gonzales Beneficiary IRA Account FBO Freddie V. Gonzales, deceased and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 20, 2003 and March 11, 2005, Claimant Diana L. Harris-Burgess and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimants James and Imogene Hull and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 30, 2003 and March 11, 2005, Claimants David O. and Beverly A. Kennedy and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 16, 2004 and March 11, 2005, Claimant Edward A. Kennepohl, Trustee of the Pearl E. Kennepohl 1992 Trust and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25 2003 and March 11, 2005, Claimant Muriel J. King and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimant Lawrence L. Ladd and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 19, 2003 and March 11, 2005, Claimant Sherrie Laine Laveaux and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 25, 2004 and March 11, 2005, Claimant Ricky L. Lyman, Successor Trustee of the Robert J. Stevens and Marjorie L. Stevens Revocable Living Trust and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 8, 2003 and March 11, 2005, Claimant Bruce Macpherson and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 3, 2003 and March 11, 2005, Claimant Donald F. Macpherson III and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 16, 2004 and March 11, 2005, Claimant Donald F. Macpherson III Custodian FBO Mark I. Macpherson, a minor under the California UGMA and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 15, 2003 and March 11, 2005, Claimant Murray Macpherson and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 8, 2003 and March 11, 2005, Claimant Mary Jean Macpherson, Trustee of the Donald and Mary Jean Macpherson 2001 Trust and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 15, 2004 and March 11, 2005, Claimant Mary Jean Macpherson, Successor Trustee of the M. Eleanor Orwig Family Trust and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 14, 2004 and March 11, 2005, Claimants Robert C. Maginity and Victoria R. Maginity, Trustees of the Maginity Family Trust and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 23, 2003 and March 11, 2005, Claimant Deanne M. Mary aka Deanne M. Mary-Pettit and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 28, 2003 and March 11, 2005, Claimant Andria Mayfield and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 28, 2003 and March 11, 2005, Claimant Steven Mayfield and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimant Maureen R. McGovern and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimant Michael C. McGovern and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 28, 2003 and March 11, 2005, Claimant Dorothy J. Miller and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimants Erwin L. and Rosa Lee Miller and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimant LaVerna Morgan and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On September 3, 2004 and March 11, 2005, Claimant Alice A. Noland and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 27, 2003 and March 11, 2005, Claimants Douglas D. Oliver and Barbara S. Oliver and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 27, 2003 and March 11, 2005, Claimant Barbara S. Oliver Custodian FBO Jason E. Oliver, a minor under the California UGMA and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 27, 2003 and March 11, 2005, Claimant Jeffrey D. Oliver and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 16, 2004 and March 11, 2005, Claimant Kathryn O. Medley, Executrix for the Estate of Russell M. Oliver and Dorothy D. Oliver, deceased and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimants LeRoy and Shirley M. Pace and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 1, 2003 and March 11, 2005, Claimant William G. Pursley and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 1, 2003 and March 11, 2005, Claimants Eldred C. and Marilyn Reddick and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 18, 2004 and March 11, 2005, Claimant Marion M. Ritchie, Executor for the Estate of Dorothy A. Parkhurst and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 27, 2003 and March 11, 2005, Claimants Mark and Dana Ritter and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 26, 2003 and March 11, 2005, Claimant Paula E. Ritter and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 26, 2003 and March 11, 2005, Claimant Paula Elaine Ritter, Trustee for the Ritter Family Trust and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 28, 2003 and March 11, 2005, Claimant Andria Mayfield FBO Paul W. Mayfield, a minor under the California UGMA and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 28, 2003 and March 11, 2005, Claimant Andria Mayfield FBO Kenny Mayfield, a minor under the California UGMA and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 27, 2003 and March 11, 2005, Claimant Mark S. Ritter FBO Bonnie Ritter, a minor under the California UGMA and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 27, 2003 and March 11, 2005, Claimant Mark S. Ritter FBO Annie Ritter, a minor under the California UGMA and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimants Mel G. and Patricia M. Roybal and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 18, 2003 and March 11, 2005, Claimants Rodney W. Russell and Kathryn E. Russell and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimant Joyce E. Sanford and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimants John P. and Marigold Schmidt and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimants Cedric H. and Patricia A. Schieber and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimant Douglas R. Schmiedt and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimants Robert W. and Betty L. Seaman and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 3, 2003 and March 11, 2005, Claimants William and Barbara Sue Secrist and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimant Patricia L. Sly and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 31, 2003 and March 11, 2005, Claimant Gabriele V. Spitzer and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 31, 2003 and March 11, 2005, Claimant Hedwig H. Spitzer and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimant Audrey M. Strange and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimant Joan Tester and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 6, 2003 and March 11, 2005, Claimants Lawrence C. and Jacqueline Thorold and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimants Casper R. and Lucy T. Tuminaro and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 24, 2003 and March 11, 2005, Claimant Cleo V. Van Horne and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 25, 2003 and March 11, 2005, Claimant Dolores K. Wagnon and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 4, 2003 and March 11, 2005, Claimant Bernita Wilkason and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

Pursuant to the Code of Arbitration Procedure IM-10100 the waiver of the Claimants shall constitute and operate as a waiver for all member firms and associated persons (including terminated or otherwise inactive member firms or associated persons) against whom the Claim has been filed.

The Panel 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 and positions of the parties relative to Respondents' Motions to Dismiss, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. *Contentions of the Parties.* The underlying claims in this matter relate to the activities of Russ Bateman and his employer Financial Network Investment Corporation ("FNIC") with regard to investments by the claimant investors ("Claimants") in Commonwealth Equity Trust ("CET"), a real estate investment trust. The purchases of CET by clients of Mr. Bateman were allegedly made from 1981 to 1989. Claimant investors, of which there are approximately 65, enjoyed the benefits of the investment in CET by receiving regular dividends through 1988.

It is alleged that from 1986 to the first quarter of 1989 the financial condition of CET significantly deteriorated but Mr. Bateman and FNIC did not disclose this information to the Claimants. In May 1989 CET announced to its shareholders that CET would no longer sell shares to the public. Internally, a report was prepared illustrating the financial condition of CET. The report was allegedly concealed from Claimants. CET announced to its shareholders that it would redeem any tendered shares or shareholders could elect to remain shareholders and receive distributions after all the properties were liquidated. CET's 1990 Annual Report contained language regarding distributions; specifically that CET may not be able to pay distributions on the same schedule as it previously had done.

CET filed for protection under the United States Bankruptcy Code in August 1993. On June 8, 1998, Claimants filed a lawsuit against Respondents in Los Angeles Superior Court¹. An amended complaint was filed on August 5, 1998. Respondent filed a petition to compel arbitration, which was granted on June 3, 1999. Paragraph 2 of the Order states, "The claims against Petitioning Defendants are ordered to final and binding arbitration before the National Association of Securities Dealers, Inc." On June 14, 1999 the state court dismissed the action.

Pre-hearing motions. Respondents have filed two motions to dismiss or alternatively to sever on various grounds, including that the claims are time barred by governing statute of limitations, by Rule 10304 of the NASD Code of Arbitration Procedure, and/or by the doctrine of Laches and that the claims should be severed because there is no allegation that the claims of each Claimant are separate and distinct from each other thus warranting the maintenance of separate actions. Claimants dispute and argue against Respondents' motions.

Decision and Order. After due consideration of the filings and arguments presented by counsel, the Panel decides and orders that Claimants' case is time-barred under the doctrine of Laches; the Panel therefore dismisses Claimants' Statement of Claim with Prejudice. The Panel expressly states that its decision is not based on Respondents' statute of limitations argument; the Panel concluding that such statutes are inapplicable to NASD arbitration proceedings.

2. Respondents' Sanctions requests are denied.
3. Each party shall bear its own costs, including attorney's fees.
4. All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$500.00
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¹ There is an allegation that some of the named Claimants in this arbitration matter were not parties to the underlying state court action.

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, ING and FNIC are parties and the following fees are assessed:

ING

Member Surcharge	= \$2,800.00
<u>Pre-Hearing Process Fee</u>	= \$ 750.00
Total Member Fees	= \$3,550.00

FNIC

Member Surcharge	= \$2,800.00
<u>Pre-Hearing Process Fee</u>	= \$ 750.00
Total Member Fees	= \$3,550.00

Forum Fees and Assessments

The Panel assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

(1) Pre-hearing conference session with the Panel @ \$1,200.00/session	=	\$1,200.00
Pre-hearing conference: August 4, 2005	1 session	
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Total Forum Fees	=	\$1,200.00

The Panel assessed \$600.00 in forum fees jointly and severally to Claimants.

The Panel assessed \$600.00 in forum fees jointly and severally to Respondents ING and FNIC.

Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 500.00
<u>Forum Fees</u>	= \$ 600.00
Total Fees	= \$ 1,100.00
<u>Less Payments</u>	= \$(1,730.00)
Refund Due Claimants	= \$(630.00)

2. Respondent ING is charged with the following fees and costs:

Member Fees	= \$ 3,550.00
Less Payments	= \$(2,800.00)
<u>Less Payments by FNIC</u>	<u>= \$(750.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent FNIC is charged with the following fees and costs:

Member Fees	= \$ 3,550.00
<u>Less Payments</u>	<u>= \$(3,550.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

4. Respondents ING and FNIC are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 600.00
<u>Less Payments</u>	<u>= \$(0.00)</u>
Balance Due NASD Dispute Resolution	= \$ 600.00

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

ARBITRATION PANEL

Val D. Hornstein, Esq.	-	Public Arbitrator, Presiding Chair
Joseph A. Lasky	-	Public Arbitrator
Matthew J. Howard	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Val D. Hornstein, Esq.
Chair, Public Arbitrator

June 1, 2006

Signature Date

Joseph A. Lasky
Public Arbitrator

Signature Date

Matthew J. Howard
Non-Public Arbitrator

Signature Date

6/06/06

Date of Service

ARBITRATION PANEL

Val D. Hornstein, Esq.	-	Public Arbitrator, Presiding Chair
Joseph A. Lasky	-	Public Arbitrator
Matthew J. Howard	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Val D. Hornstein, Esq.
Chair, Public Arbitrator

Signature Date



Joseph A. Lasky
Public Arbitrator



Signature Date

Matthew J. Howard
Non-Public Arbitrator

Signature Date



Date of Service

ARBITRATION PANEL

Val D. Hornstein, Esq.	-	Public Arbitrator, Presiding Chair
Joseph A. Lasky	-	Public Arbitrator
Matthew J. Howard	-	Non-Public Arbitrator

Consenting Arbitrators' Signatures

Val D. Hornstein, Esq.
Chair, Public Arbitrator

Signature Date

Joseph A. Lasky
Public Arbitrator

Signature Date



Matthew J. Howard
Non-Public Arbitrator

6.5.06

Signature Date

6/06/06

Date of Service