

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Donna Blanchard

Case Number: 04-06404

Names of the Respondents
Legacy Financial Services, Inc.
Joseph R. Karsner, IV

Hearing Site: Baltimore, MD

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

REPRESENTATION OF PARTIES

Claimant, Donna Blanchard, 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 R. Karsner, IV ("Karsner"), hereinafter collectively referred to as "Respondents", were represented by George S. Mahaffey, Jr., Esq. and Jeffrey J. Hines, Esq., Goodell, Devries, Leech & Dann, LLP, Baltimore, Maryland.

CASE INFORMATION

Statement of Claim filed on September 13, 2004.

Claimant signed the Uniform Submission Agreement on August 4, 2004.

Claimant filed Amended Statement of Claim on March 29, 2005.

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

Claimant filed a Revised Response to Motion to Dismiss on May 24, 2005.

Respondents responded to the Statement of Claim by way of Motion to Dismiss on November 8, 2004.

Respondents filed a Response to Amended Statement of Claim on May 26, 2005.

Respondent Karsner signed the Uniform Submission Agreement on October 11, 2004.

Respondent Legacy did not file a Uniform Submission Agreement with NASD Dispute Resolution.

CASE SUMMARY

Claimant asserted the following causes of action, among others: Respondents made unsuitable investment recommendations with regard to her accounts, negligence, breach of contract, breach of fiduciary duty, *respondeat superior*, failure to supervise, fraudulent inducement, and common law fraud. The causes of action relate to various securities including American Skandia Advisor Funds, Neuberger Berman Mid-Cap Fund, Janus Capital Growth Fund, Oppenheimer Mid-Cap Fund, Oppenheimer Main St. Growth & Income, and Oppenheimer Capital Appreciation.

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

RELIEF REQUESTED

Claimant in her Statement of Claim requested:

| | |
|----------------------|--------------------|
| Compensatory Damages | \$80,000.00 |
| Punitive Damages | amount unspecified |
| Interest | amount unspecified |
| Attorneys' Fees | amount unspecified |
| Other Costs | amount unspecified |

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

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Legacy did not file with NASD Dispute Resolution, a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and, having answered the claim, is bound by the determination of the Panel on all issues submitted.

By Order dated June 24, 2005 the Panel denied Respondents' Motion to Dismiss.

On or about March 12, 2006, the parties entered into an agreement to settle this matter on certain terms and conditions set forth in a confidential settlement agreement.

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 Respondents for a Stipulated Award and agreement of Claimant, 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 finds that the claims, allegations and information contained in the Statement of Claim and Amended Statement of Claim are clearly erroneous and that the Respondents were not involved in the alleged investment-related sales practice violations. The Panel 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 are dismissed with prejudice;

2. The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Karsner's registration records maintained by the 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 NASD will execute the expungement directive.

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing 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 factually impossible or clearly erroneous; and

The registered person was not involved in the alleged investment-related sales practice violation, theft, misappropriation, or conversion of funds.

3. All claims for punitive damages and attorneys' fees are denied in their entirety;
4. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and
5. Any and all relief not specifically addressed herein 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 | = \$ 225.00 |
|--------------------------|-------------|

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(s) at the time of the events giving rise to the dispute. Accordingly, Respondent Legacy is a party.

| | |
|-------------------------|--------------|
| Member surcharge | = \$1,100.00 |
| Pre-hearing process fee | = \$ 750.00 |
| Hearing process fee | = \$1,700.00 |
| Total Member Fees | = \$3,550.00 |

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:

| | |
|--|--------------|
| Two (2) Pre-hearing sessions with a Panel @ \$750.00 | = \$1,500.00 |
| Pre-hearing conferences: April 25, 2005 1 session | |
| May 24, 2005 1 session | |
| <hr/> | |
| Total Forum Fees | = \$1,500.00 |

1. The Panel has assessed \$750.00 of the forum fees to Claimant.
2. The Panel has assessed \$750.00 of the forum fees jointly and severally to Respondents.

FEE SUMMARY

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

| | |
|-------------------------------------|-------------|
| Initial Filing Fee | = \$ 225.00 |
| <u>Forum Fees</u> | = \$ 750.00 |
| Total Fees | = \$ 975.00 |
| <u>Less payments</u> | = \$ 975.00 |
| Balance Due NASD Dispute Resolution | = \$ 00.00 |

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

| | |
|-------------------------------------|--------------|
| <u>Member Fees</u> | = \$3,550.00 |
| Total Fees | = \$3,550.00 |
| <u>Less payments</u> | = \$3,550.00 |
| Balance Due NASD Dispute Resolution | = \$ 00.00 |

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

| | |
|-------------------------------------|-------------|
| <u>Forum Fees</u> | = \$ 750.00 |
| Total Fees | = \$ 750.00 |
| <u>Less payments</u> | = \$ 00.00 |
| Balance Due NASD Dispute Resolution | = \$ 750.00 |

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

ARBITRATION PANEL

| | | |
|------------------------|---|--|
| Marvin W. Turner, JD | - | Public Arbitrator, Presiding Chairperson |
| Arthur L. Beamon, Esq. | - | Public Arbitrator, Panelist |
| Walter Peterson, Jr. | - | Non-Public Arbitrator, Panelist |

Concurring Arbitrators' Signatures



Marvin W. Turner, JD
Public Arbitrator, Presiding Chairperson

10/2/06

Signature Date

Walter Peterson, Jr.
Non-Public Arbitrator, Panelist

Signature Date

Dissenting Arbitrator's Signature

Arthur L. Beamon, Esq
Public Arbitrator, Panelist

Signature Date

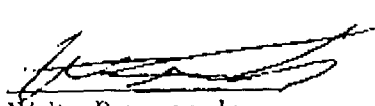
October 3 2006

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

Concurring Arbitrators' Signatures

Marvin W. Turner, JD
Public Arbitrator, Presiding Chairperson

Signature Date


Walter Peterson, Jr.
Non-Public Arbitrator, Panelist

9/20/06
Signature Date

Dissenting Arbitrator's Signature

Arthur L. Beamon, Esq
Public Arbitrator, Panelist

Signature Date

October 3, 2006
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

Marvin W. Turner, JD
Public Arbitrator, Presiding Chairperson

Signature Date

Walter Peterson, Jr.
Non-Public Arbitrator, Panelist

Signature Date

Dissenting Arbitrator's Signature

Arthur L. Beamon

Arthur L. Beamon, Esq
Public Arbitrator, Panelist

Dissenting only as to the
grant of Expungement.

October 3, 2006

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

09-19-06

Signature Date