
Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Shirley A. Locklair

Case Number: 04-06796

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

Hearing Site: Raleigh, North Carolina

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

REPRESENTATION OF PARTIES

For Shirley A. Locklair, hereinafter referred to as "Claimant": William B. Young, Esq., Hooper & Weiss, LLC, Orlando, Florida.

For Legacy Financial Services, Inc. ("Legacy") and Joseph Karsner ("Karsner"), hereinafter collectively referred to as "Respondents": Jeffery J. Hines, Esq. and Christopher M. Corchiarion, Esq., Goodell, Devries, Leech & Dann, LLP, Baltimore, Maryland.

CASE INFORMATION

Statement of Claim filed on or about: September 27, 2004.
Claimant signed the Uniform Submission Agreement: July 10, 2004.
Motion to Dismiss filed by Respondents on or about: November 22, 2004.
Respondent Legacy signed the Uniform Submission Agreement: December 6, 2004.
Respondent Karsner signed the Uniform Submission Agreement: October 11, 2004.
Motion to Amend the Statement of Claim filed by Claimant on or about: March 29, 2005.
Response to Claimant's Motion to Amend the Statement of Claim filed by Respondents on or about: April 12, 2005.

CASE SUMMARY

Claimant asserted the following causes of action: 1) negligence; 2) breach of contract; 3) breach of fiduciary duty; 4) respondeat superior; 5) violation of NASD Conduct Rule 2110; 6) failure to supervise; 7) unsuitability; 8) omissions/misrepresentation; 9) fraudulent inducement; 10) common law fraud; and 11) fraudulent concealment. The causes of action relate to Claimant's investments in, including but not limited to, American Skandia Advisor Fund, Janus Capital Growth Fund, American Skandia Small Cap Growth Fund and Oppenheimer Quest Balanced Value Fund.

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

RELIEF REQUESTED

Claimant requested: 1) compensatory damages in the amount of \$66,029.00; 2) unspecified punitive damages; 3) attorneys' fees; 4) costs; 5) interest; and 6) any other remedy the undersigned arbitrators (the "Panel") deemed just and equitable.

Respondents requested that Claimant's Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents and Claimant advised NASD Dispute Resolution ("NASD") that they resolved this matter. Pursuant to this resolution, Claimant has agreed to a dismissal with prejudice. Further, the parties agreed that the Respondents are not liable for the counts listed in the Statement of Claim and the Amended Statement of Claim and that the investments at issue were suitable.

On or about September 9, 2005, the Panel entered an order wherein they denied Respondents' Motion to Dismiss and granted Claimant's Motion to Amend the Statement of Claim.

On or about, July 26, 2006, Claimant notified NASD that the parties had settled this matter and agreed to the entry of a Stipulated Award.

On or about August 5, 2006, the parties filed a proposed Stipulated Award with a request for expungement of the NASD Central Registration Depository ("CRD") record of Respondent Karsner.

On or about October 23, 2006, the Panel entered an order granting expungement of Respondent Karsner's NASD CRD record.

The parties agreed that the Stipulated Award in this matter may be executed in counterpart copies.

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 finds that the claims, allegations and information contained in the Amended Statement of Claim and Statement of Claim are clearly erroneous and that the Respondents were not involved in the alleged investment-related sales practice violations, and hereby grants the parties' motion and enters this Stipulated Award granting the following relief:

- 1) Pursuant to the agreement reached between all parties, all claims against Respondents Legacy and Karsner are dismissed with prejudice.

- 2) The Panel recommends the expungement of all references to the above captioned arbitration from Respondent Karsner's registration records maintained by the NASD 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 expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Pursuant to Rule 2130, the arbitration panel has made the following affirmative findings of fact:

The registered person was not involved in the alleged investment-related sales practice violation or other wrongdoing and the claims are clearly erroneous.

- 3) The parties shall bear their own costs, including attorneys' fees, except as fees are specifically addressed below.
- 4) Any relief not specifically addressed herein is 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	= \$ 225.00
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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 firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent Legacy is a party and was a member firm.

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournment fees assessed during this proceeding.

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 this proceeding.

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 this proceeding.

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:

Four (4) Pre-hearing sessions with the Panel @ \$750.00/session	= \$3,000.00
Pre-hearing conferences: August 17, 2005	1 session
August 31, 2005	2 sessions
October 19, 2006	1 session
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Total Forum Fees	= \$3,000.00

The Panel waived the forum fee for the October 19, 2006 pre-hearing conference. Accordingly, total forum fees of \$2,250.00 were assessed as follows:

The Panel has assessed \$1,125.00 of the forum fees to Claimant.
The Panel has assessed \$1,125.00 of the forum fees 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 this proceeding.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 225.00
Forum Fees	= \$1,125.00
Total Fees	= \$1,350.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$ 375.00

Respondent Legacy is solely liable for:

Member Fees	= \$3,550.00
Total Fees	= \$3,550.00
Less payments	= \$3,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents are jointly and severally liable for:

Forum Fees	= \$1,125.00
Total Fees	= \$1,125.00
Less payments	= \$ 0.00
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.

ARBITRATION PANEL

<i>Patricia Ann Tracey, Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Houston Spencer Everett, Jr., Esq.</i>	-	<i>Public Arbitrator</i>
<i>Brian Orol</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

_____/s/
Patricia Ann Tracey, Esq.
Public Arbitrator, Presiding Chairperson

November 1, 2006
Signature Date

_____/s/
Houston Spencer Everett, Jr., Esq.
Public Arbitrator

November 2, 2006
Signature Date

_____/s/
Brian Orol
Non-Public Arbitrator

November 6, 2006
Signature Date

November 7, 2006

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

Claimant is solely liable for:

Respondent Legacy is solely liable for:

Respondents are jointly and severally liable for:

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Patricia Ann Tracey, Esq. - *Public Arbitrator,
Presiding Chairperson*

Houston Spencer Everett, Jr., Esq. - *Public Arbitrator*

Brian Orol - *Non-Public Arbitrator*

Signature Date

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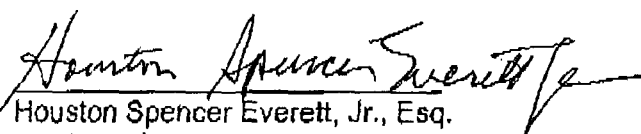
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Houston Spencer Everett, Jr., Esq.	-	Public Arbitrator
Brian Orol	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Patricia Ann Tracey, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date


Houston Spencer Everett, Jr., Esq.
Public Arbitrator



Signature Date

Brian Orol
Non-Public Arbitrator

Signature Date

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ARBITRATION PANEL

Patricia Ann Tracey, Esq.

Houston Spencer Everett, Jr., Esq.
Brian Orol

*Public Arbitrator,
Presiding Chairperson
Public Arbitrator
Non-Public Arbitrator*

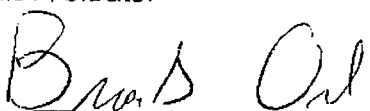
Concurring Arbitrators' Signatures

Patricia Ann Tracey, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Houston Spencer Everett, Jr., Esq.
Public Arbitrator

Signature Date



Brian Orol
Non-Public Arbitrator



Signature Date