

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Mary M. Harnage

Case Number: 04-07346

Names of the Respondents

Legacy Financial Services, Inc.

Joseph R. Karsner

Hearing Site: Washington, D.C.

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

REPRESENTATION OF PARTIES

Claimant, Mary M. Harnage, hereinafter referred to as "Claimant", was represented by William B. Young, Esq., Hooper & Weiss, LLC, Orlando, Florida.

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

CASE INFORMATION

Statement of Claim filed on October 22, 2004.

Claimant signed the Uniform Submission Agreement on May 12, 2004.

Statement of Answer filed by Respondents on December 13, 2004.

Amended Statement of Claim filed on March 29, 2005.

Respondent Karsner signed the Uniform Submission Agreement on December 19, 2004.

A representative of Respondent Legacy Financial executed the Uniform Submission Agreement on December 20, 2004.

CASE SUMMARY

Claimant asserted the following causes of action, among others: negligence, breach of contract, breach of fiduciary duty, *respondeat superior*, violation of NASD Rule 2110, failure to supervise, unsuitability, misrepresentation, fraudulent inducement, and common law fraud. The causes of action relate to the purchase and sale of various mutual funds.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses, among others: failure to state a claim upon which relief may be granted; assumption of the risk; waiver; estoppel; failure to mitigate; and claims are barred by the applicable statutes of limitation.

RELIEF REQUESTED

Claimant in her Statement of Claim requested:

Compensatory Damages	\$ 88,000.00
Punitive Damages	amount unspecified
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondents in their Statement of Answer requested that the Statement of Claim and Amended Statement of Claim be dismissed in their entirety and that they be awarded attorneys' fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

The parties advise that on or about January 20, 2006, they 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, that the investments at issue were suitable, and that the Stipulated Award for 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 Arbitration Panel (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 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, and 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 Respondent Legacy Financial and Respondent Karsner 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 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 claim, allegation, or information is factually impossible or clearly erroneous;

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 = \$ 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 Financial 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

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:

January 23, 2006 hearing settled by parties = \$ 300.00

1. The Panel has assessed \$150.00 of the three-day cancellation fees to Claimant.
2. The Panel has assessed \$75.00 of the three-day cancellation fees to Respondent Legacy Financial.
3. The Panel has assessed \$75.00 of the three-day cancellation fees to Respondent Karsner.

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 Panel @ \$ 750.00	waived
Pre-hearing conference: May 8, 2006 1 session	
Two (2) Pre-hearing sessions with Panel @ \$ 750.00	= \$ 1,500.00
Pre-hearing conferences: April 4, 2005 1 session	
May 9, 2005 1 session	
<hr/> Total Forum Fees	<hr/> = \$ 1,500.00

1. The Panel has assessed \$750.00 of the forum fees to Claimant.
2. The Panel has assessed \$375.00 of the forum fees to Respondent Legacy Financial.
3. The Panel has assessed \$375.00 of the forum fees to Respondent Karsner.

FEE SUMMARY

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

Initial Filing Fee	= \$ 225.00
Three-Day Cancellation Fee	= \$ 150.00
Forum Fees	= \$ 750.00
<hr/> Total Fees	<hr/> = \$ 1,125.00
Less payments	= \$ 975.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$ 150.00
2. Respondent Legacy Financial is assessed and shall pay the following fees:

Member Fees	= \$ 3,550.00
Three-Day Cancellation Fee	= \$ 75.00
Forum Fees	= \$ 375.00
<hr/> Total Fees	<hr/> = \$ 4,000.00
Less payments	= \$ 3,550.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$ 450.00
3. Respondent Karsner is assessed and shall pay the following fees:

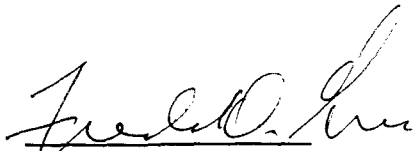
Three-Day Cancellation Fee	= \$ 75.00
Forum Fees	= \$ 375.00
<hr/> Total Fees	<hr/> = \$ 450.00
Less payments	= \$ 0.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$ 450.00

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

ARBITRATION PANEL

Frederick D. Greco, Esq.	-	Public Arbitrator, Presiding Chairperson
Arthur J. Wilson, III, PhD	-	Public Arbitrator, Panelist
James A. Blalock, III	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures



Frederick D. Greco, Esq.
Public Arbitrator, Presiding Chairperson

6/7/06
Signature Date

Arthur J. Wilson, III, PhD
Public Arbitrator, Panelist

Signature Date

James A. Blalock, III
Non-Public Arbitrator, Panelist


Signature Date

September 29, 2006
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

Frederick D. Greco, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Arthur J. Wilson, III, PhD
Public Arbitrator, Panelist

6/15/06

Signature Date

James A. Blalock, III
Non-Public Arbitrator, Panelist

Signature Date

September 29, 2006

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