

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Pamela Lothian

Case Number: 04-07347

Names of the Respondents

Legacy Financial Services, Inc.

Joseph Karsner

Hearing Site: Washington, D.C.

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

REPRESENTATION OF PARTIES

Claimant, Pamela Lothian, "Claimant", was represented by William B. Young, Jr., Esq., Hooper & Weiss, L.L.C., Orlando, Florida.

Respondents, Legacy Financial Services, Inc. ("Legacy Financial") and Joseph Karsner ("Karsner"), hereinafter collectively referred to as "Respondents", were represented by Jeffrey J. Hines, Esq., and George S. Mahaffey, Jr., Esq., Goodell, DeVries, Leech & Dann, LLP, Baltimore, Maryland.

CASE INFORMATION

Statement of Claim filed on October 19, 2004.

Claimant signed the Uniform Submission Agreement on August 24, 2004.

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

Motion to Dismiss filed by Respondents on February 21, 2005.

Claimant filed a Response to the Motion to Dismiss on March 1, 2005.

CASE SUMMARY

Claimant in her Statement of Claim asserted the following cause of action: unsuitability. The cause of action relates to the purchase of shares in American Skandia and John Hancock mutual funds.

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

RELIEF REQUESTED

Claimant in her Statement of Claim and Amended Statement of Claim requested:

Compensatory Damages

\$104,638.00

Punitive Damages	amount unspecified
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondents in their Statement of Answer and Motion to Dismiss requested that Claimant's Statement of Claim be dismissed in its entirety and that the Arbitration Panel (the "Panel") award the Respondents' forum fees, attorneys' fees and any other costs and fees incurred by Respondents in defending this action.

OTHER ISSUES CONSIDERED AND DECIDED

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

By Order dated April 22, 2005 the Panel denied Respondents' Motion to Dismiss.

On or about December 5, 2005 the parties 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.

AWARD

The parties entered into an agreement to present to the Panel a Stipulated Award. Upon motion of all parties for a Stipulated Award and Claimant's agreement, as a result of information and documents received 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 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 Respondents are dismissed with prejudice;
2. The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Karsner's registration record maintained by the NASD 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 Panel has made the following affirmative findings of fact: the claim, allegation or information is clearly erroneous and the registered person was not involved in the alleged investment-related sales practice violation;

3. The parties shall bear their own 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 = \$ 300.00

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

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 Panel @ \$1,125.00	= \$2,250.00
Pre-hearing conferences: March 14, 2005 1 session	
April 22, 2005 1 session	
Total Forum Fees	= \$2,250.00

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

EEE SUMMARY

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

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 750.00
Retained Hearing Session Deposit	= \$ 375.00
Total Fees	= \$1,425.00
Less payments	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$ 00.00

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

Member Fees	= \$5,200.00
Forum Fees	= \$ 750.00
Total Fees	= \$5,950.00
Less payments	= \$5,200.00
Balance Due NASD Dispute Resolution	= \$ 750.00

3. Respondent Karsner is assessed and shall pay the following fees:

Forum Fees	= \$ 750.00
Total Fees	= \$ 750.00
Less payments	= \$ 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

Robert O. Harris, Esq.	-	Public Arbitrator, Presiding Chairperson
Stanley H. Ragle, Esq.	-	Public Arbitrator, Panelist
Wendie L. Wachtel	-	Non-Public Arbitrator, Panelist

NASD Dispute Resolution

Arbitration No. 04-07347

Award Page 5Concurring Arbitrators' SignaturesRobert O. HarrisRobert O. Harris, Esq.
Public Arbitrator, Presiding Chairperson2/13/06

Signature Date

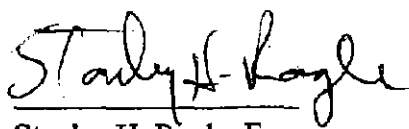
Stanley H. Ragle, Esq.
Public Arbitrator, PanelistSignature DateWendie L. Wachtel
Non-Public Arbitrator, PanelistSignature Date2/14/06

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

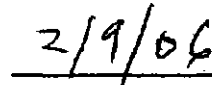
Concurring Arbitrators' Signatures

Robert O. Harris, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Stanley H. Ragle, Esq.
Public Arbitrator, Panelist



Signature Date

Wendie L. Wachtel
Non-Public Arbitrator, Panelist

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