

Stipulated Award
NASD Dispute Resolution

Kathleen Jolly vs. Legacy Financial Services, Inc. and Joseph R. Karsner, IV

Case Number: 04-08561

Hearing Site: Baltimore, Maryland

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

REPRESENTATION OF PARTIES

Claimant, Kathleen Jolly ("Claimant"), was represented by William B. Young, Esq., Hooper & Weiss, LLP, 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 December 15, 2004.

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

Claimant signed the Uniform Submission Agreement on October 22, 2004.

Statement and Answer and Motion to Dismiss filed by Respondents on February 8, 2005.

Respondent Karsner signed the Uniform Submission Agreement on April 10, 2005.

A representative of Respondent Legacy executed the Uniform Submission Agreement on January 7, 2005.

Respondents filed a Motion to Dismiss the Amended Statement of Claim on or about June 1, 2005.

Claimant filed a Response to the Motion to Dismiss on February 21, 2005.

CASE SUMMARY

Claimant, in her Statement of Claim and Amended Statement of Claim, asserted the following causes of action, among others: negligence, breach of contract, breach of fiduciary duty, *respondeat superior*, violation of NASD Conduct Rule 2110, failure to supervise, unsuitability, omissions/misrepresentations, fraudulent inducement, common law fraud, and fraudulent concealment. The causes of action relate to the purchase and sale of various investments including American Skandia Advisor Funds Janus Capital Growth Fund, the Oppenheimer Main Street Growth and Income Fund, Oppenheimer Global Fund, and Oppenheimer Capital Appreciation Fund.

Respondents in their Statement of Answer denied the allegations in the Statement of

Claim and asserted the following affirmative defenses, among others: the Statement of Claim fails to state a claim upon which relief can be granted; contributory negligence; Claimant's claims are barred by the doctrine of waiver and estoppel; failure to mitigate damages; and statute of limitations.

RELIEF REQUESTED

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

Compensatory Damages	\$54,523.00
Punitive Damages	amount unspecified
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondents in their Motion to Dismiss requested that Claimant's claims be dismissed in their entirety and that the Arbitration Panel (the "Panel") award them attorneys' fees, forum fees, and other costs and fees incurred in defending this action.

OTHER ISSUES CONSIDERED AND DECIDED

By Order dated July 7, 2005, the Panel denied Respondents' Motion to Dismiss the Amended Statement of Claim.

On June 14, 2006, the parties advised that they had entered into an agreement to resolve this matter on certain terms and conditions set forth in a confidential settlement agreement.

The parties agreed that 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

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, executed in accordance with the Claimant's instructions, 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, 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 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 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 Arbitrator 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 violations;

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
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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 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
<u>Hearing process fee</u>	<u>= \$1,700.00</u>
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 Panel @ \$750.00	= \$1,500.00
Pre-hearing conferences: May 16, 2005	1 session
July 7, 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 \$750.00 of the forum fees jointly and severally to Respondents.

SEE SUMMARY

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

Initial Filing Fee	= \$ 225.00
<u>Forum Fees</u>	<u>= \$ 750.00</u>
Total Fees	= \$ 975.00
<u>Less payments</u>	<u>= \$ 975.00</u>
Balance Due NASD Dispute Resolution	= \$ 00.00
2. Respondent Legacy is assessed and shall pay the following fees:

<u>Member Fees</u>	<u>= \$3,550.00</u>
Total Fees	= \$3,550.00
<u>Less payments</u>	<u>= \$3,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 00.00
3. Respondents are jointly and severally assessed and shall pay the following fees:


<u>Forum Fees</u>	<u>= \$ 750.00</u>
Total Fees	= \$ 750.00
<u>Less payments</u>	<u>= \$ 00.00</u>
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

Jay Lawrence Witkin, Esq.	-	Public Arbitrator, Presiding Chairperson
Cynthia Turner, Esq.	-	Public Arbitrator, Panelist
John D. Robb	-	Non. Public Arbitrator, Panelist

Concurring Arbitrators' Signatures


Jay Lawrence Witkin, Esq.
Public Arbitrator, Presiding Chairperson

August 31, 2006
Signature Date

Cynthia Turner, Esq.
Public Arbitrator, Panelist

Signature Date

John D. Robb
Non-Public Arbitrator, Panelist

Signature Date

9/6/06
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

Jay Lawrence Witkin, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date


Cynthia Turner, Esq.
Public Arbitrator, Panelist

8/31/06
Signature Date

John D. Robb
Non-Public Arbitrator, Panelist

Signature Date

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

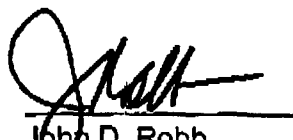
Concurring Arbitrators' Signatures

Jay Lawrence Witkin, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Cynthia Turner, Esq.
Public Arbitrator, Panelist

Signature Date



John D. Robb
Non-Public Arbitrator, Panelist

9-4-06

Signature Date

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