

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Claimant

Belton O. Watson

and

Case Number: 04-08622
Hearing Site: Detroit, Michigan

Respondents

SunAmerica Securities, Inc.,
Shirell L. McNee, and David Tupper

NATURE OF DISPUTE

Customer v. Member and Associated Persons

REPRESENTATION OF PARTIES

Belton O. Watson ("Claimant") was represented by Lawrence M. Elkus, Esq., Law Office of Lawrence M. Elkus, Farmington Hills, Michigan.

SunAmerica Securities, Inc. ("SunAmerica") and Shirell L. McNee ("McNee"), hereinafter collectively referred to as "Respondents," were represented by Dennis J. Levasseur, Esq., Bodman LLP, Detroit, Michigan.

David Tupper ("Tupper") was represented by Brian J. Masternak, Esq., Warner, Norcross & Judd, LLP, Grand Rapids, Michigan.

CASE INFORMATION

The Statement of Claim was filed on or about November 30, 2004. The Submission Agreement of Claimant was signed on or about November 30, 2004.

The Statement of Answer was filed jointly by SunAmerica and McNee on or about January 31, 2005. The Submission Agreement of SunAmerica was signed on or about April 8, 2005. The Submission Agreement of McNee was signed on or about March 28, 2005.

The Statement of Answer was filed by Tupper on or about March 14, 2005. The Submission Agreement of Tupper was signed on or about April 28, 2005.

Tupper filed a Motion to Dismiss on or about May 16, 2005. McNee concurred in Tupper's Motion on or about May 24, 2005. Claimant filed a Response to the Motion on or about June 10, 2005.

CASE SUMMARY

Claimant initially filed a complaint in the United States District Court for the Western District of Michigan on February 14, 2004 against Signator Investors, Inc., John Hancock Company, and Respondents SunAmerica and Shirell L. McNee. In that case, Claimant asserted claims for violation of Section 10(b) of the Securities and Exchange Act of 1934 and common law claims of breach of fiduciary duty, fraud, breach of contract and negligence. Claimant also asserted claims under Section 20(a) of the Securities and Exchange Act of 1934 and the Michigan Uniform Securities Act M.C.L.A. §451.501. The causes of action related to unspecified securities in his retirement investment portfolio.

Because Claimant had signed an arbitration agreement upon opening his accounts at SunAmerica in June 2001, Respondents filed a motion to compel arbitration and stay civil proceedings. On or about April 5, 2004, Claimant and Respondents entered into a stipulation and order which provided that the action against Respondents SunAmerica and Shirell McNee would be pursued before NASD Dispute Resolution and that the complaint against those Respondents was stayed pending further order of the Court. On or about May 28, 2004, Claimant entered into a stipulation and order to dismiss John Hancock Company and Signator Investors, Inc. with prejudice. On or about December 17, 2004 Claimant and Respondents entered into a stipulation and order to dismiss the federal court complaint without prejudice. On that same date, Claimant filed the above captioned matter with the NASD Dispute Resolution, which asserted essentially the same causes of action concerning the very same events and circumstances as alleged in the action filed in the United States District Court for the Western District of Michigan.

Unless specifically admitted in their Answer and Affirmative Defenses to Claimant's Statement of Claim, Respondents denied the allegations made in the Statement of Claim. Respondents also asserted that Ms. McNee did not make any misrepresentations to Claimant and that at no time did Ms. McNee make any unsuitable recommendations. To the contrary, each of the transactions complained of occurred prior to Ms. McNee being introduced to Claimant and/or before Ms. McNee became registered with SunAmerica in 2001, and that Ms. McNee made certain recommendations to Claimant that Claimant disregarded. Respondents also asserted that Claimants failed to state a claim upon which relief could be granted, that Respondents did not owe Claimants a fiduciary duty, and that Claimant's claims were barred by the applicable statute of limitations and the doctrines of assumption of the risk, comparative or contributory negligence, and ratification.

RELIEF REQUESTED

Claimant requested \$485,000.00 in out of pocket losses plus return of commissions, interest, costs, attorney fees, exemplary damages, and any other relief the panel deemed appropriate.

Respondents requested that Claimant's claims be dismissed in their entirety and that they recover their costs, including attorney fees, and that Ms. McNee's industry record be expunged.

OTHER ISSUES CONSIDERED & DECIDED

Respondent David Tupper was previously dismissed as a respondent and, therefore, is not a party to this stipulated award.

On or about July 20, 2005, the Panel, on Respondent Tupper's motion to dismiss and Ms. McNee's concurrence in that motion to dismiss, ordered that the claims against Respondent David Tupper be dismissed with prejudice and further ordered that the claims against Ms. McNee that relate to actions taken during her affiliation with John Hancock Company (which ended when she became registered with SunAmerica in early 2001) were dismissed with prejudice. The Panel further ordered that all costs be assessed against Claimant.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the parties' submissions, representations and stipulations, the undersigned arbitrators order as follows:

- 1.) Claimant's claims against Respondents are dismissed with prejudice in their entirety against Respondents,
- 2.) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Shirell L. McNee's registration records maintained by the NASD Central Registration Depository (CRD No. 20068), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent McNee must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
- 3.) The Panel further finds that NASD Rule 2130 regarding expungement of customer dispute information from the Central Registration Depository (as described in NASD Notice to Members 04-16) does not apply. In particular, the Panel finds that this matter was initiated by way of a civil lawsuit filed before April 12, 2004. In particular, Claimant filed a civil lawsuit with the United States District Court for the Western District of

Michigan in January 2004, in contravention of an agreement to arbitrate, which asserted virtually identical causes of actions surrounding the same events and circumstances as alleged in his statement of claim. If Claimant had followed his agreement to arbitrate, he would have filed his statement of claim with the NASD prior to April 12, 2004. Consequently, this matter is subject to the terms of the moratorium in effect as of January 19, 1999, as discussed in NASD Notice to Members 99-09.

Furthermore, even assuming that Rule 2130 applies, the Panel finds, based on its review of the parties' stipulations as contained herein and its review of the pleadings in this matter including the motion to dismiss and the Panel's prior order dated July 20, 2005, that Ms. McNee was not involved in the alleged investment sales practice violation described in Claimant's statement of claim. To the contrary, Claimant made all of his complained of investments prior to his being introduced to Ms. McNee in early 2000. The Panel further finds, based on the stipulation of the parties, that Ms. McNee advised Claimant to reduce his exposure to certain market sectors and to reduce his distributions or reinvest the proceeds, which advice Claimant rejected. The Panel further finds that Claimant's losses during the time period that Ms. McNee was the representative were the result of market forces beyond Ms. McNee's control and not related to her advice to Claimant. The Panel further finds that Claimant made no transactions during the period of time that Ms. McNee was registered with SunAmerica that he complains about. To the contrary, in mid-2002 Claimant finally followed Ms. McNee's advice to reduce his exposure to the equity markets and Claimant does not complain about that advice. Furthermore, Claimant voluntarily dismissed with prejudice any claims and/or causes of actions in the federal court action that were based on actions that occurred prior to February 2001 and that he had no basis to attempt to reassert those claims before the NASD. The Panel further finds that while Ms. McNee's actions were not actionable by Claimant we specifically acknowledge that there has not been a similar review of facts as to Claimant's first representative, David Tupper. Claimant has made allegations that the losses incurred were primarily due to recommendations based upon Mr. Tupper, including improper tax advice regarding the aggressive withdrawal of funds under Internal Revenue Code Section 72t. Respondent Tupper denied such allegations. We need not make a finding on this issue due to our July 20, 2005 ruling;

- 4.) Any relief not specifically enumerated, including exemplary and/or punitive damages, is hereby denied with prejudice; and
- 5.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter.

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 firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firms are SunAmerica Securities, Inc., and Signator Investors, Inc.

Member surcharge = \$ 1,700.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 2,750.00

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:

The parties advised NASD of settlement on February 9, 2006.
The Hearing was scheduled on February 14, 2006. = \$ 300.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing session conducted and each decision rendered on a discovery-related motion on the papers. A hearing 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 a single arbitrator x \$450.00 = \$ 450.00
Pre-hearing conference: January 27, 2006 1 session

Two (2) Pre-hearing sessions with Panel x \$1,125.00 = \$ 2,250.00
Pre-hearing conferences: May 3, 2005 1 session
July 20, 2005 1 session

Total Forum Fees = \$ 2,700.00

Pursuant to the parties' agreement and the panel's order, forum fees of \$1,912.50 are assessed to Belton O. Watson.

Pursuant to the parties' agreement and the panel's order, forum fees of \$787.50 are assessed to SunAmerica Securities, Inc., and Shirell L. McNee, jointly and severally.

Fee Summary

Claimant, Belton O. Watson, is liable for:

Initial Filing Fee	= \$ 300.00
Three-Day Cancellation Fee	= \$ 150.00
Forum Fees	= \$ 1,912.50
Total Fees	= \$ 2,362.50
Less payments	= \$ 300.00
Balance Due NASD Dispute Resolution	= \$ 2,062.50

Respondent, SunAmerica Securities, Inc., is liable for:

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, SunAmerica Securities, Inc., and Shirell L. McNee, are jointly and severally liable for:

Three-Day Cancellation Fee	= \$ 150.00
Forum Fees	= \$ 787.50
Total Fees	= \$ 937.50
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 937.50

Signator Investors, Inc., is liable for:

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

William P. Thorpe, Esq. - Public Arbitrator, Presiding Chair
Patrick R. Sughrue, Esq. - Public Arbitrator
John G. Martin - Non-Public Arbitrator

Concurring Arbitrators:

/s/ William P. Thorpe, Esq.
William P. Thorpe, Esq.
Public Arbitrator, Presiding Chair

05/09/06
Signature Date

/s/ Patrick R. Sughrue, Esq.
Patrick R. Sughrue, Esq.
Public Arbitrator

05/10/06
Signature Date

/s/ John G. Martin
John G. Martin
Non-Public Arbitrator

05/09/06
Signature Date

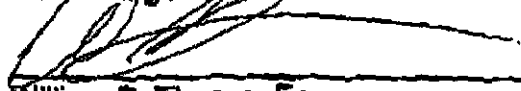
05/11/06
Date of Service (For NASD office use only)

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John G. Martin - Non-Public Arbitrator

Concurring Arbitrators:



William P. Thorpe, Esq.
Public Arbitrator, Presiding Chair

5/9/06

Signature Date

Patrick R. Sughrue, Esq.
Public Arbitrator

Signature Date

John G. Martin
Non-Public Arbitrator

Signature Date

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Public Arbitrator, Presiding Chair

Signature Date

Patrick R. Sughrue, Esq.
Public Arbitrator

Signature Date


John G. Martin
Non-Public Arbitrator

5/9/06
Signature Date

Date of Service (For NASD office use only)