

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Gertrude W. Payne, Individually and as
Trustee, the Gertrude W. Payne IRA and the
Gertrude W. Payne Revocable Living Trust

and

Case Number: 05-03690
Hearing Site: Southfield, Michigan

Respondent/Third-Party Claimant

Signator Investors, Inc.

and

Third-Party Respondent

Linda C. Kirschke

NATURE OF DISPUTE

Customer v. Member
Member v. Associated Person

REPRESENTATION OF PARTIES

Gertrude W. Payne Individually and as Trustee, the Gertrude W. Payne IRA and the Gertrude W. Payne Revocable Living Trust ("Claimant") was represented by Philip J. Snyderburn, Esq., and William R. Rishoi, Esq, Snyderburn, Rishoi & Swan, Maitland, Florida.

Signator Investors, Inc. ("Signator") was represented by Francis R. Ortiz, Esq., Dickinson Wright PLLC, Detroit, Michigan.

Linda C. Kirschke ("Kirschke") appeared in pro per.

CASE INFORMATION

The Statement of Claim was filed on or about July 18, 2005. The Submission Agreement of Gertrude W. Payne was signed on or about June 23, 2005. The Submission Agreement of the Gertrude W. Payne IRA was signed on or about June 23, 2005, by Gertrude W. Payne. The Submission Agreement of the Gertrude W. Payne Revocable Living Trust was signed on or about June 23, 2005, by Gertrude W. Payne.

The Statement of Answer and Third-Party Claim was filed by Signator on or about September 27, 2005. The Submission Agreement of Signator was signed on or about September 1, 2005.

Linda C. Kirschke did not file a Statement of Answer or Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: fraudulent inducement; breach of fiduciary duty; negligence; and breach of contract. The causes of action related to Claimant's allegations that Signator placed her into unsuitable proprietary John Hancock products including a variable universal life policy, John Hancock equity mutual funds, John Hancock Sovereign Investors B shares and John Hancock Large Cap Value/Equity B shares, and a variable annuity. Claimant asserted that recommendation and sale of these securities were not appropriate for her investment objective of preservation of capital.

Unless specifically admitted in its Answer, Signator denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant's Statement of Claim fails to state a claim upon which relief can be granted; Claimant's claims are barred in whole or in part by Claimant's own negligence; Claimant's claims are barred in whole or in part by the applicable statute of limitations; and Claimant's claims are barred in whole or in part by the terms of her contract as set forth in the policy, annuity and, applicable prospectuses.

Signator asserted third-party claims for indemnification and contribution against Linda Kirschke, the Signator-registered representative who Claimant alleges made the unsuitable recommendations.

RELIEF REQUESTED

Claimant requested an award in the amount of \$177,000.00, plus punitive damages, attorneys' fees, interest, costs, surrender and contingent charges and any other relief the panel deemed appropriate.

Signator requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

In its Third-Party Claim, Signator requested indemnification and contribution from Kirschke.

OTHER ISSUES CONSIDERED & DECIDED

Third-Party Respondent Linda C. Kirschke did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") but having appeared at the Initial Pre-Hearing Conference and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

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 pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondent, Signator Investors, Inc., shall pay to Claimant, Gertrude W. Payne, Individually and as Trustee, the Gertrude W. Payne IRA and the Gertrude W. Payne Revocable Living Trust, the sum of \$40,000.00 in compensatory damages;
- 2.) Respondent, Signator Investors, Inc., shall pay to Claimant, Gertrude W. Payne, Individually and as Trustee, the Gertrude W. Payne IRA and the Gertrude W. Payne Revocable Living Trust, interest on the above-stated sum at the Michigan statutory rate from and including 7 calendar days after the service date of this Award through and including the date this Award is paid in full;
- 3.) Signator's Third-Party-Claim is denied and dismissed with prejudice;
- 4.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 5.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

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
Third-Party Claim filing fee	= \$ 1,000.00

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 person at the time of the events giving rise to the dispute. In this matter, the member firm is Signator Investors, Inc.

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

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 Panel x \$1,125.00	= \$ 1,125.00
Pre-hearing conference: November 15, 2005 1 session	

Six (6) Hearing sessions x \$1,125.00	= \$ 6,750.00
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Hearing Dates:	April 4, 2006	2 sessions
	April 5, 2006	2 sessions
	April 6, 2006	2 sessions

Total Forum Fees	= \$ 7,875.00
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The Arbitration Panel has assessed \$7,875.00 of the forum fees to Signator Investors, Inc.

Fee Summary

Claimant, Gertrude W. Payne, Individually and as Trustee, the Gertrude W. Payne IRA and the Gertrude W. Payne Revocable Living Trust, is liable for:

Initial Filing Fee	= \$ 300.00
Total Fees	= \$ 300.00
Less payments	= \$ 1,425.00
Balance Refunded by NASD Dispute Resolution	= \$ 1,125.00

Respondent, Signator Investors, Inc., is liable for:

Third-Party Claim Filing Fee	= \$ 1,000.00
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 7,875.00
Total Fees	= \$ 14,075.00
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 8,875.00

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

ARBITRATION PANEL

Lee Hornberger, J.D. - Public Arbitrator, Presiding Chair
John J. Hasluck, Esq. - Public Arbitrator
Thomas W. Lawson - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Lee Hornberger, J.D.
Lee Hornberger, J.D.
Public Arbitrator, Presiding Chair

04/10/06
Signature Date

/s/ John J. Hasluck, Esq.
John J. Hasluck, Esq.
Public Arbitrator

04/10/06
Signature Date

Thomas W. Lawson
Non-Public Arbitrator

Signature Date

4/10/06
Date of Service (For NASD office use only)

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Public Arbitrator, Presiding Chair

4.10.06

Signature Date

John J. Hasluck, Esq.
Public Arbitrator

Signature Date

Thomas W. Lawson
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Public Arbitrator, Presiding Chair

Signature Date

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Public Arbitrator

4/11/06

Signature Date

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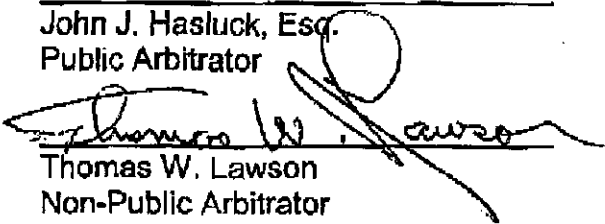
Concurring Arbitrators:

Lee Hornberger, J.D.
Public Arbitrator, Presiding Chair

Signature Date

John J. Hasluck, Esq.
Public Arbitrator

Signature Date


Thomas W. Lawson
Non-Public Arbitrator

4-12-2006
Signature Date

Date of Service (For NASD office use only)