

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

John J. Drozd (Claimant) v. Securities America, Inc., Reliance Financial Group, and John Matthew Lunghino (Respondents)

Case Number: 05-05189

Hearing Site: Buffalo, New York

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

REPRESENTATION OF PARTIES

Claimant John J. Drozd hereinafter referred to as "Claimant": Timothy L. Burke, Esq. and Joel M. Wertman, Esq., UAW GM Legal Services Plans, Cheektowaga, NY.

Respondents Securities America, Inc. ("Securities America"), Reliance Financial Group ("Reliance"), and John Matthew Lunghino ("Lunghino") hereinafter collectively referred to as "Respondents": Dennis C. Dice, Esq., Marshall, Dennehey, Warner, Coleman & Goggin, Philadelphia, PA.

CASE INFORMATION

Statement of Claim filed on or about: September 6, 2005.

Claimant signed the Uniform Submission Agreement: September 6, 2005.

Statement of Answer, Motion to Dismiss, and Motion for a More Definite Statement filed by Respondents on or about: December 13, 2005.

Securities America signed the Uniform Submission Agreement: November 11, 2005.

Reliance did not submit a Uniform Submission Agreement.

Lunghino signed the Uniform Submission Agreement: February 6, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract, negligence, failure to supervise, breach of fiduciary duty, misrepresentations, churning, and suitability. The causes of action relate to annuities and common stock.

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

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$71,600.00 plus interest in the amount of \$19,332.00, costs, forum fees, and attorneys' fees.

Respondents requested dismissal of the Statement of Claim in its entirety and expungement of this matter from Respondent Lunghino's CRD record.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Reliance did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement and was not required to submit to arbitration pursuant to the Code. However, having answered the claim, Respondent Reliance is bound by the determination of the Panel on all issues submitted.

By letter dated March 10, 2006 the parties informed NASD Dispute Resolution that they settled this matter.

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.

AWARD

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. The parties entered into a confidential settlement agreement.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Lunghino's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 04-16, Respondent Lunghino 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 of the NASD Code of Arbitration Procedure, the arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is false.

3. Each party shall bear their own costs and attorneys' fees.

4. Any and all relief not specifically addressed herein is denied.

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 firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Securities America, Inc. is a party.

Member surcharge = \$ 1,100.00

Pre-hearing process fee = \$ 750.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel @ \$750.00 = \$ 750.00

Pre-hearing conferences: March 10, 2006 1 session

Total Forum Fees = \$ 750.00

1. The Panel assessed \$375.00 of the forum fees against Claimant.
2. The Panel assessed \$375.00 of the forum fees against Respondents, jointly and severally.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee = \$ 225.00

Forum Fees = \$ 375.00

Total Fees = \$ 600.00

Less payments = \$ 675.00

Refund Due Claimant = \$ 75.00

2. Respondents are jointly and severally liable for:

Forum Fees = \$ 375.00

Total Fees = \$ 375.00

Less payments = \$ 375.00

Balance Due NASD Dispute Resolution = \$ 0.00

3. Respondent Securities America is solely liable for:

<u>Member Fees</u>	= \$ 1,850.00
<u>Total Fees</u>	= \$ 1,850.00
<u>Less payments</u>	= \$ 2,225.00
Refund Due Respondent Securities America	= \$ 375.00

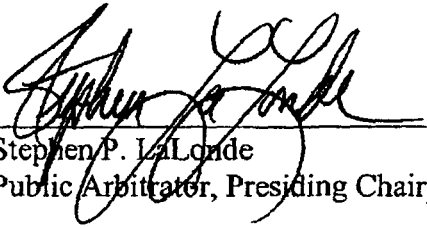
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Stephen P. LaLonde	-	Public Arbitrator, Presiding Chairperson
Richard D. Rosenbloom, Esq.	-	Public Arbitrator
Anthony D. McCaffrey, CFP	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Stephen P. LaLonde
Public Arbitrator, Presiding Chairperson

4/6/06

Signature Date

Richard D. Rosenbloom, Esq.
Public Arbitrator

Signature Date

Anthony D. McCaffrey, CFP
Non-Public Arbitrator

Signature Date

April 6, 2006

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Stephen P. LaLonde	-	Public Arbitrator, Presiding Chairperson
Richard D. Rosenbloom, Esq.	-	Public Arbitrator
Anthony D. McCaffrey, CFP	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Stephen P. LaLonde
Public Arbitrator, Presiding Chairperson

Signature Date

Richard D. Rosenbloom
Richard D. Rosenbloom, Esq.
Public Arbitrator

3-31-06
Signature Date

Anthony D. McCaffrey, CFP
Non-Public Arbitrator

Signature Date

April 6, 2006

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Stephen P. LaLonde	-	Public Arbitrator, Presiding Chairperson
Richard D. Rosenbloom, Esq.	-	Public Arbitrator
Anthony D. McCaffrey, CFP	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award. *Stipulation agreed to.*

Stephen P. LaLonde
Public Arbitrator, Presiding Chairperson

Signature Date

Richard D. Rosenbloom, Esq.
Public Arbitrator

Signature Date

Anthony D. McCaffrey

Anthony D. McCaffrey, CFP
Non-Public Arbitrator

3/31/06

Signature Date

April 6, 2006

Date of Service (For NASD Dispute Resolution use only)