

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimant
Jesse E. Daugherty

Case Number: 06-02014

Name of Respondent
FSC Securities Corporation

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Jesse E. Daugherty, hereinafter referred to as "Claimant": Alan L. Frank, Esq. and Kyle M. Kulzer, Esq., Alan L. Frank Law Associates, P.C., Elkins Park, Pennsylvania.

For FSC Securities Corporation, hereinafter referred to as "Respondent": William Zeena, Jr., Esq. and Adolfo J. Anzola, Esq., Wilson, Elser, Moskowitz, Edelman & Dicker, LLP, Miami, Florida.

CASE INFORMATION

Statement of Claim filed on or about: April 19, 2006.

Claimant signed the Uniform Submission Agreement: March 29, 2006.

Statement of Answer, Affirmative Defenses and Motion to Dismiss filed by Respondent on or about: July 14, 2006.

Respondent signed the Uniform Submission Agreement: May 16, 2006.

Claimant's Response to Respondent's Motion to Dismiss filed on or about: September 14, 2006.

Respondent's Reply in Further Support of Motion to Dismiss filed on or about: September 28, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: 1) violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5; 2) violations of NASD and NYSE suitability rules; 3) violations of the Florida Securities and Investor Protection Act, Chapter 517; 4) breach of contract and the covenant of good faith and fair dealing; 5) breach of fiduciary duty; 6) failure to supervise; 7) *respondeat superior*, and 8) negligence. The causes of action relate to various investments, including equities such as Oppenheimer (Global G&I), Alliance (Technology – Premier Growth), and AIM (Global Telecommunication).

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

RELIEF REQUESTED

Claimant requested: 1) compensatory damages in an amount in excess of \$45,000.00 that represents the loss in Claimant's investment accounts and incurred commission fees; 2) interest at the legal rate on all sums recovered; 3) costs of this proceeding, including reasonable attorneys' fees; 4) an award of punitive damages; and 5) such other relief the Arbitrator deemed just and proper.

Respondent requested: 1) dismissal of all claims against it; 2) costs and disbursements relating to this proceeding; and 3) such other and further relief as the Arbitrator deemed just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

On or about July 14, 2006, Respondent filed its Answer, Affirmative Defenses and Motion to Dismiss. On or about September 14, 2006, Claimant filed its Response to Respondent's Motion to Dismiss. On or about September 28, 2006, Respondent filed its Reply in Further Support of Motion to Dismiss. On or about October 17, 2006, the Arbitrator held a telephonic pre-hearing conference on the motion to dismiss. After review of the pleadings and having heard argument of counsel for the parties, the Arbitrator granted the motion to dismiss and granted Claimant leave of twenty (20) days to file an Amended Statement of Claim.

On or about December 20, 2006, Respondent filed its motion to dismiss, with prejudice, on the basis that Claimant did not file an Amended Statement of Claim. On or about December 27, 2006, Claimant filed her notice that she will not be filing an Amended Statement of Claim. On or about December 28, 2006, the Arbitrator dismissed, without prejudice, the above-captioned arbitration proceeding.

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

After considering the pleadings, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims are dismissed, without prejudice, in their entirety.
2. Claimant's requests for punitive damages and attorneys' fees are dismissed, without prejudice,
3. Any and all relief not specifically addressed herein, including Claimant's claim under the Florida Securities and Investor Protection Act, are dismissed, without 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	= \$ 175.00
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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 firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Respondent is a party and member firm:

Member surcharge	= \$ 875.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$1,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournment fees assessed during these proceedings.

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:

There were no three-day cancellation fees assessed during these proceedings.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

There were no injunctive relief fees assessed during these proceedings.

Forum Fees and Assessments

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

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00/session	= \$900.00
Pre-hearing conferences: August 10, 2006 1 session	
October 17, 2006 1 session	

Total Forum Fees	= \$900.00
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The Arbitrator has assessed forum fees in the amount of \$450.00 to Claimant and \$450.00 to Respondent.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 175.00
Forum Fees	= \$ 450.00
<u>Total Fees</u>	= \$ 625.00
<u>Less payments</u>	= \$ 625.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent is solely liable for:

Member Fees	= \$2,625.00
Forum Fees	= \$ 450.00
<u>Total Fees</u>	= \$3,075.00
<u>Less payments</u>	= \$2,625.00
Balance Due NASD Dispute Resolution	= \$ 450.00

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

ARBITRATION PANEL

Michael R. Emery, Esq.

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Public Arbitrator

Arbitrator's Signature

Michael R. Emery, Esq.
Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution use only)

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ARBITRATION PANEL

Michael R. Emery, Esq.

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Public Arbitrator

Arbitrator's Signature

/s/
Michael R. Emery, Esq.
Public Arbitrator

January 3, 2007
Signature Date

January 3, 2007
Date of Service (For NASD Dispute Resolution use only)

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ARBITRATION PANEL

Michael R. Emery, Esq.

Public Arbitrator.

Arbitrator's Signature


Michael R. Emery, Esq.
Public Arbitrator

1-3-07
Signature Date

Date of Service (For NASD Dispute Resolution use only)