

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

Margaret M. Johnston

vs.

Case Number: 06-02591
Hearing Site: Southfield, Michigan

Names of Respondents

H&R Block Financial Advisors, Inc. and
David L. Fransko

NATURE OF THE DISPUTE

Customer vs. Member and Associated Person

REPRESENTATION OF PARTIES

Margaret M. Johnston ("Claimant") was represented by Joseph H. Spiegel, Esq., Joseph H. Spiegel, P.C., Ann Arbor, Michigan.

H&R Block Financial Advisors, Inc. ("HRBFA") and David L. Fransko ("Fransko"), hereinafter collectively referred to as "Respondents," were represented by Donald P. Wray, Esq., H&R Block Financial Advisors, Inc., Detroit, Michigan.

CASE INFORMATION

The Statement of Claim was filed on or about May 26, 2006. The Submission Agreement of Claimant was signed on or about May 14, 2006.

The Statement of Answer was filed jointly by Respondents on or about August 31, 2006. The Submission Agreement of HRBFA was signed on or about June 21, 2006 by David C. Andrew. The Submission Agreement of Fransko was signed on or about August 4, 2006.

Claimant filed a Motion for Summary Disposition on or about January 25, 2007. Respondents filed a Response to Claimant's Motion on or about January 26, 2007.

CASE SUMMARY

Claimant asserted the following causes of action: violations of 1934 Act Anti-Fraud Provisions; violations of Sections 12, 17, and Anti-Fraud Provisions of the Securities Act of 1933, as Amended; violations of Michigan blue sky law; common law fraudulent misrepresentation, negligent misrepresentation, and silent fraud; breach of fiduciary duty; and Michigan Consumer Protection Act violations. The causes of action related to Claimant's allegations that Respondents recommended investment choices which were not suitable for Claimant in large blocks in one industry with little liquidity. The securities at issue were unspecified auto industry related bonds.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant's claim fails to state a claim upon which relief may be granted; Claimant's claims are barred by the statute of frauds; Claimant's claims are barred by the doctrines of laches, waiver, and estoppel; and Claimant assumed the risk of her investment transactions and the investment losses incurred.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$ 75,000.00
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

At the hearing, Claimant requested damages of approximately \$129,000.00.

Respondents requested that the claims asserted against them be dismissed in their entirety and that Fransko's CRD records be expunged of all references to this matter.

OTHER ISSUES CONSIDERED & DECIDED

The Panel denied Claimant's Motion for Summary Disposition herein.

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 testimony, and the evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondents, H&R Block Financial Advisors, Inc. and David L. Fransko, are jointly and severally liable for and shall pay to Claimant, Margaret M. Johnston, the sum of \$75,000.00 in compensatory damages;
- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 3.) Any relief not specifically enumerated, including punitive damages, expungement, 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 the non-refundable filing fee 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. In this matter, the member firm is H&R Block Financial Advisors, Inc.

Member surcharge = \$ 1,100.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$ 1,700.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing session conducted or each decision rendered on a discovery-related motion on the papers. 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 a single arbitrator x \$450.00 = \$ 450.00

Pre-hearing conference: February 5, 2007 1 session

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

Pre-hearing conference: October 31, 2006 1 session

Two (2) Hearing sessions x \$750.00 = \$ 1,500.00

Hearing Date: February 12, 2007 2 sessions

Total Forum Fees = \$ 2,700.00

The Panel has assessed \$2,700.00 of the forum fees jointly and severally to H&R Block Financial Advisors, Inc. and David L. Fransko.

FEE SUMMARY

Claimant, Margaret M. Johnston, is liable for:

Initial Filing Fee = \$ 225.00

Total Fees = \$ 225.00

Less payments = \$ 975.00

Refund due Claimant = \$ 750.00

Respondent, H&R Block Financial Advisors, Inc., is liable for:

<u>Member Fees</u>	= \$ 3,550.00
<u>Total Fees</u>	= \$ 3,550.00
<u>Less payments</u>	= \$ 3,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, H&R Block Financial Advisors, Inc. and David L. Fransko, are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 2,700.00
<u>Total Fees</u>	= \$ 2,700.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 2,700.00

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

ARBITRATION PANEL

Peter P. Cobbs, Esq. - Public Arbitrator, Presiding Chair
Jerome D. Sobczak - Public Arbitrator
Dana R. Dawe - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Peter P. Cobbs, Esq.
Peter P. Cobbs, Esq.
Public Arbitrator, Presiding Chair

02/15/07
Signature Date

/s/ Jerome D. Sobczak
Jerome D. Sobczak
Public Arbitrator

02/15/07
Signature Date

/s/ Dana R. Dawe
Dana R. Dawe
Non-Public Arbitrator

02/15/07
Signature Date

02/15/07
Date of Service (For NASD office use only)

Respondent, H&R Block Financial Advisors, Inc., is liable for:

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Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, H&R Block Financial Advisors, Inc. and David L. Fransko, are jointly and severally liable for:

Forum Fees	= \$ 2,700.00
Total Fees	= \$ 2,700.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 2,700.00

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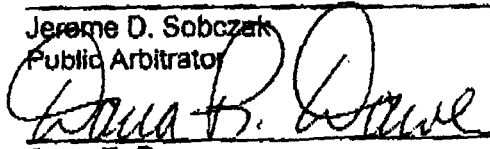
Concurring Arbitrators' Signatures:

Peter P. Cobbs, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Jerome D. Sobczak
Public Arbitrator

Signature Date


Dana R. Dawe
Non-Public Arbitrator

2-15-07
Signature Date

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Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, H&R Block Financial Advisors, Inc. and David L. Fransko, are jointly and severally liable for:

Forum Fees	= \$ 2,700.00
Total Fees	= \$ 2,700.00
Less payments	= \$ 0.00
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Public Arbitrator, Presiding Chair

Signature Date

Jerome D. Sobczak
Jerome D. Sobczak
Public Arbitrator

2-15-07
Signature Date

Dana R. Dawe
Non-Public Arbitrator

Signature Date

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<u>Less payments</u>	= \$ 3,550.
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.

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Jerome D. Sobczak - Public Arbitrator
Dana R. Dawe - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Peter P. Cobbs, Esq.
Peter P. Cobbs, Esq.
Public Arbitrator, Presiding Chair

February 15, 2007
Signature Date

Jerome D. Sobczak
Jerome D. Sobczak
Public Arbitrator

Signature Date

Dana R. Dawe
Dana R. Dawe
Non-Public Arbitrator

Signature Date