

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Dain Rauscher Incorporated

and

01-01806
Dallas, Texas

Name of Respondent

Todd W. Cowle

REPRESENTATION OF PARTIES

Dain Rauscher Incorporated ("**Claimant**") was represented by Bruce Collins, Esq., Carrington, Coleman, Sloman & Blumenthal, Dallas, Texas.

Todd W. Cowle ("**Respondent**") represented himself.

CASE INFORMATION

The Statement of Claim was filed on or about April 10, 2001. Respondent's Response to the Counterclaim was filed on or about August 16, 2001. Submission Agreement of Claimant Dain Rauscher Incorporated was signed on April 4, 2001.

Statement of Answer and Counterclaim was filed by Respondent Todd W. Cowle on or about July 10, 2001. Submission Agreement of Respondent Todd W. Cowle was signed on July 5, 2001 by Todd W. Cowle.

CASE SUMMARY

Claimant alleged that Respondent, a former employee, failed to comply with his financial obligations and refused to pay Claimant over \$450,000 owed to Claimant pursuant to a promissory note. Claimant alleged causes of action including breach of contract, breach of promissory note, and unjust enrichment.

Respondent denied the allegations set forth in the Statement of Claim. Respondent specifically stated that the Statement of Claim contained misrepresentations, mischaracterized the promissory note and Respondent's financial obligation. Respondent also asserted a Counterclaim for breach of fiduciary duty. In the Counterclaim, Respondent alleged that Claimant breached the promissory note

by failing to protect the interest of Respondent's clients and failing to properly monitor its research product. Respondent also alleged that Claimant failed to provide a respectful workplace.

RELIEF REQUESTED

Claimant requested an award in the amount of \$459,898.60 in compensatory damages, pre-judgment and post-judgment interest, attorney's fees and costs.

Respondent requested that the claims asserted against him be denied in their entirety and that he be awarded \$1,000,000.00 in compensatory damages and \$500,000 in punitive damages.

OTHER ISSUES CONSIDERED

On or about August 10, 2001, Respondent submitted a Motion to Disqualify Respondent's counsel, Cheryl Jerome Moore and the law firm of Baker & McKenzie. All counsel and parties briefed the Motion. On October 10, 2001, the Panel of arbitrators heard telephonic oral argument on the Motion. After due consideration, the Panel of arbitrators ruled that they did not have authority to rule on the Motion to Disqualify counsel. On or about November 19, 2001 Respondent, through outside counsel, brought an application for a temporary restraining order to restrain counsel before the District Court in Dallas. On November 19, 2001 the District Court in Dallas entered an order restraining counsel Cheryl Jerome Moore and Baker & McKenzie from representing Dain Rauscher Incorporated in the above arbitration. On November 21, 2001 new counsel, Bruce Collins of the law firm Carrington, Coleman, Sloman & Blumenthal entered his appearance on behalf of Claimant.

On or about November 20, 2001 Respondent Todd Cowle requested an adjournment of the hearing date. On November 21, 2000, a pre-hearing was held on the request with all parties and the Panel of arbitrators. After review and consideration, the Panel of Arbitrators denied the request.

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 the NASD Dispute Resolution, Inc. (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, if any, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondent Todd W. Cowle is liable for and shall pay Claimant Dain Rauscher, Inc. \$468,617.25 (four hundred sixty eight thousand, six hundred and seventeen dollars and

twenty five cents) in compensatory damages plus pre-award interest in the amount of \$78,389.78 (seventy eight thousand three hundred and eighty nine dollars and seventy eight cents).

2. That Respondent Todd W. Cowle is liable for and shall pay Respondent Dain Rauscher attorneys fees of \$20,000 (twenty thousand dollars) as attorney's fees for services rendered by Cheryl Moore and Baker & McKenzie and \$40,000 (forty thousand dollars) as attorney's fees for services rendered by Bruce Collins of Carrington, Coleman, Sloman & Blumenthal. In making this award of attorneys fees, the panel reviewed and considered the pleadings, exhibits, promissory notes at issue, briefs and oral argument of the parties and/or their representatives and found authority for this award of attorney's fees exists.
3. That Respondent Todd W. Cowle's Counterclaim is dismissed and denied in its entirety.
4. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$1000.00
Counter Claim filing fee	= \$500.00

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 Dain Rauscher Incorporated.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$600.00
Hearing process fee	= \$4,500.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. 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:

Two (2) Pre-hearing session with a single arbitrator x \$450.00	= \$900.00
Pre-hearing conference: October 10, 2001 1 session	
November 21, 2001 1 session	
One (1) Pre-hearing sessions with Panel x \$1,200.00	= \$1,200.00
Pre-hearing conference: October 3, 2001 1 session	
Eight (8) Hearing sessions x \$1,200.00	= \$9,600.00
Hearing Dates: November 27, 2001 2 sessions	
November 28, 2001 2 sessions	
November 29, 2001 2 sessions	
<u>November 30, 2001 2 sessions</u>	
Total Forum Fees	= \$11,700.00

The Arbitration Panel has assessed \$11,700 of the forum fees to Respondent Todd W. Cowle.

Fee Summary

Claimant, Dain Rauscher Incorporated, shall be and hereby is liable for:

Initial Filing Fee	= \$1,000.00
Member Fees	= \$6,600.00
<u>Forum Fees</u>	= \$00.00
Total Fees	= \$7,600.00
<u>Less payments</u>	= \$5,600.00
Balance Due NASD Dispute Resolution, Inc.	= \$2,000.00

Respondent, Todd Cowle, shall be and hereby is liable for:

Counterclaim Filing Fee	= \$ 500.00
Adjournment Fee (request denied)	= \$ 00.00
<u>Forum Fees</u>	= \$11,700.00
Total Fees	= \$12,200.00
<u>Less payments</u>	= \$1,700.00
Balance Due NASD Dispute Resolution, Inc.	= \$10,500.00

NASD Dispute Resolution, Inc.
Arbitration No. 01-01806
Award Page 5 of 5

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

James A. Hayden, II – Public Arbitrator, Presiding Chair
Joe S. Shepherd -Public Arbitrator
Albert E. Ladd -Non-Public Arbitrator

Concurring Arbitrators:

James A. Hayden
Public Arbitrator, Presiding Chair

Signature Date

Joe S. Shepherd
Public Arbitrator

Signature Date

Albert E. Ladd
Non-Public Arbitrator

Signature Date

All balances are due to NASD Dispute Resolution, Inc.

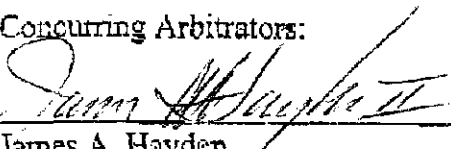
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Albert E. Ladd -Non-Public Arbitrator

Concurring Arbitrators:



James A. Hayden
Public Arbitrator, Presiding Chair

1/10/02

Signature Date

Joe S. Shepherd
Public Arbitrator

Signature Date

Albert E. Ladd
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
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Award Page 5 of 5

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Concurring Arbitrators:

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Public Arbitrator, Presiding Chair

Signature Date

Joe S. Shepherd
Public Arbitrator

Signature Date

Albert E. Ladd
Albert E. Ladd
Non-Public Arbitrator

Jan. 11, 2002
Signature Date