

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of Claimant

Gregory L. Newman

and

Case Number: 02-05839

Hearing Location: Houston, Texas

Names of Respondents

RBC Dain Rauscher, Inc.,

Michael J. Bakalars, and

Scott Caverly

NATURE OF DISPUTE

Customer v. Member Firm and Associated Persons

REPRESENTATION OF PARTIES

Gregory L. Newman ("Claimant") was represented by Ben A. Wallis, Jr., Esq., The Law Offices of Ben A. Wallis, P.C., San Antonio, Texas.

RBC Dain Rauscher, Inc. ("RBC"), Mike Bakalars ("Bakalars"), and Scott Caverly ("Caverly"), hereinafter collectively referred to as "Respondents," were represented by Janiece Longoria, Esq. Ogden, Gibson, White, Broocks & Longoria, L.L.P., Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about October 1, 2002. The Submission Agreement of Claimant was signed on or about September 25, 2002.

The Statement of Answer was filed jointly by Respondents, RBC, Bakalars and Caverly, on or about December 23, 2002. Respondent, RBC Dain Rauscher, Inc., signed the Submission Agreement on or about April 18, 2003. Respondents, Bakalars and Caverly, signed the Uniform Submission Agreements on or about May 1, 2003.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract, negligence, failure to supervise, failure to execute transactions, D.T.P.A., common law fraud, breach of fiduciary duty, and negligent misrepresentation. The causes of action related to the recommendation and purchase of various unspecified securities.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following affirmative defenses: failure to state a claim for which relief can be granted; statute of limitations; the doctrines of ratification, estoppel, waiver, and laches; neither a registered representative nor a broker-dealer is a guarantor of the results or profitability of transactions in a customer's account; damages did not arise from the actions of Respondents; Claimant controlled his own account, exercised independent decision making authority over his account, and has sole responsibility for any losses attributed to his investment decisions; the DTPA does not apply to Claimant's claims; failure to state a claim for breach of fiduciary duty; Claimant's damages, if any, were caused by unforeseeable market factors and conditions affecting the value of the securities in Claimant's account; RBC Dain Rauscher, Inc., maintained an adequate and reasonable system of supervision, followed adequate and reasonable compliance procedures, and acted in good faith; Claimant either knew of the untruth or omission complained of, or alternatively, Respondents did not know, and in the exercise of reasonable care could not have known, of the untruth or omission complained of; Claimant is barred from recovery because his negligence contributed to the losses in an amount that would relieve Respondents of any liability; Claimant is barred from recovery due to his failure to mitigate his damages; Respondents relied on Claimant's representations regarding his investment strategy and tolerance for risk; and Respondents did not engage in any conduct that would justify an award of compensatory damages or punitive damages under any theory of relief.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$830,000.00
Punitive Damage:	\$750,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs, attorneys' fees, and that this matter be expunged from the CRD record of Respondents, Bakalars and Caverly.

OTHER ISSUES CONSIDERED AND DECIDED

This case settled prior to hearing, and Claimant, Gregory L. Newman, and Respondents, RBC Dain Rauscher, Inc., Mike Bakalars and Scott Caverly, have executed a Settlement Agreement and Release, which included an agreement that this matter be expunged from the CRD records of Mike Bakalars and Scott Caverly.

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 parties' submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows:

1. Claimant's claims against Respondents, RBC Dain Rauscher, Inc., Michael J. Bakalars and Scott E. Caverly, are hereby dismissed with prejudice;
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondents, Mike Bakalar's and Scott Caverly's, registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09, Respondents, Michael J. Bakalars and Scott E. Caverly, must obtain confirmation from a court of competent jurisdiction before the NASD will execute the expungement directive;
3. Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
4. 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 the non-refundable filing fee for each claim:

Initial claim filing fee	= \$ 500
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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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is RBC Dain Rauscher, Inc.

Member surcharge	= \$ 2,800
Pre-hearing process fee	= \$ 750
Hearing process fee	= \$ 5,000

Adjournment Fees

Adjournments granted during these proceedings:

January 21-22, 2004, adjournment requested jointly = \$ 1,125
(waived – parties participated in NASD Mediation)

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:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450 = \$ 900
Pre-hearing conferences: October 21, 2003 1 session
March 29, 2005 1 session

Two (2) Pre-hearing sessions with Panel @ \$1,200 = \$ 2,400
Pre-hearing conferences: May 5, 2003 1 session
September 27, 2004 1 session

Total Forum Fees = \$ 3,300

The Arbitration Panel has assessed \$1,425.00 of the forum fees Gregory L. Newman.

The Arbitration Panel has assessed \$1,875.00 forum fees jointly and severally to Respondents, RBC, Bakalars and Caverly.

FEE SUMMARY

Claimant, Gregory L. Newman, is liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 1,425.00
Total Fees	= \$ 1,925.00
Less payments	= \$ 1,925.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, RBC Dain Rauscher, Inc., is liable for:

Member Fees	= \$ 8,550.00
Total Fees	= \$ 8,550.00
Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, RBC Dain Rauscher, Inc., Michael J. Bakalars and Scott E. Caverly, are jointly and severally liable for:

Forum Fees	= \$ 1,875.00
Total Fees	= \$ 1,875.00
Less payments	= \$ 1,875.00

Balance Due NASD Dispute Resolution

= \$ 0.00

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

ARBITRATION PANEL

Walton L. Huff - Public Arbitrator, Presiding Chairperson
Lynne M. Gomez - Public Arbitrator
John Kerlin Walters, Jr. - Non-Public Arbitrator

Concurring Arbitrators

/s/ Walton L. Huff
Walton L. Huff
Public Arbitrator, Presiding Chairperson

October 19, 2005
Signature Date

/s/ Lynne M. Gomez
Lynne M. Gomez
Public Arbitrator

October 22, 2005
Signature Date

/s/ John Kerlin Walters, Jr.
John Kerlin Walters, Jr.
Non-Public Arbitrator

October 20, 2005
Signature Date

October 26, 2005
Date of Service (For NASD Dispute Resolution use only)

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= \$ 0.00

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Public Arbitrator, Presiding Chairperson

Lynne M. Gomez
Public Arbitrator

John Kerlin Walters, Jr.
Non-Public Arbitrator

Date of Service (For NASD Dispute Resolution use only)

10/19/05

Signature Date

Signature Date

Signature Date

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= \$ 0.00

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Concurring Arbitrators

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Public Arbitrator, Presiding Chairperson

Signature Date

Lynne M. Gomez
Public Arbitrator

Signature Date



John Kerlin Walters, Jr.
Non-Public Arbitrator

10/20/05

Signature Date

Date of Service (For NASD Dispute Resolution use only)