

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Glenn K. Olson

v.

02-06263

Minneapolis, Minnesota

Respondents

Charles Schwab & Company, Inc.,
Randy D. Groves, Leann A. Lenander
and Webb Financial Group, L.L.C.

and

Cross Claimants

Charles Schwab & Company, Inc.,
and Randy D. Groves

v.

Cross Respondents

Leann A. Lenander and Webb Financial Group, L.L.C.

Nature of Dispute: Customer v. Member, Associated Person and Non-Members and Member and Associated Person v. Non-Members.

REPRESENTATION OF PARTIES

Glenn K. Olson ("Claimant") was represented by Philip G. Villaume, Esq., of Philip G. Villaume & Associates, Edina, Minnesota.

Charles Schwab & Company, Inc. ("Schwab") and Randy D. Groves ("Groves") were represented by Janet T. Epstein, Esq., of Charles Schwab & Company, Inc., San Francisco, California.

Leann A. Lenander ("Lenander") and Webb Financial Group, L.L.C. ("Webb Financial") were represented by Vincent D. Louwagie, Esq., of Anthony, Ostlund & Baer, P.A., Minneapolis, Minnesota.

CASE INFORMATION

The Statement of Claim was filed on or about October 3, 2002. Submission Agreement of Claimant was signed on or about October 3, 2002.

A joint Statement of Answer and Third Party Claim, hereinafter referred to as "Cross Claim" was filed by Respondents Charles Schwab & Company, Inc. and Randy D. Groves on or about February 27, 2003. Submission Agreement of Respondent Charles Schwab & Company, Inc. was signed on or about February 24, 2003. Submission Agreement of Respondent Randy D. Groves was signed on or about February 27, 2003.

A joint Statement of Answer to the Statement of Claim and Third Party Claim was filed by Respondents Leann A. Lenander Webb Financial Group, L.L.C. on or about April 9, 2003. Submission Agreement of Respondent Leann Lenander was signed on or about April 11, 2003. Submission Agreement of Respondent Webb Financial Group, L.L.C. was signed on or about April 11, 2003.

CASE SUMMARY

Claimant asserted causes of action including the following: breach of contract, negligence, breach of fiduciary duty, suitability, unauthorized trading, misrepresentations and failure to supervise. The causes of action related to Claimant's allegation that Groves and Schwab referred him to Leann and Webb Financial, to serve as financial planners for Claimant's IRA retirement account. Claimant alleged that despite his requests to have a moderately aggressive trading strategy, Lenander and Webb Financial invested primarily in high-risk investments, which caused losses in Claimant's portfolio. Claimant also alleged that Lenander failed to keep him reasonably informed of his accounts as required by law.

Respondents Schwab and Groves denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including: comparative negligence, assumption of risk, ratification, waiver, estoppel and failure to mitigate damages. In addition, Respondents Schwab and Groves asserted that Claimant agreed to hold Schwab and its employees harmless for any claims and liabilities arising out of the actions of Webb Financial.

Respondents Schwab and Groves asserted in their Cross Claim that they entered into an Investment Manager Service Agreement with Webb Financial and that Webb Financial agreed to indemnify and hold Schwab and its employees harmless from claims, actions, costs, and liabilities, arising out of any dispute between Webb Financial and client regarding Webb Financial's fees, trading instructions and investment advice.

Respondents Lenander and Webb Financial denied the allegations set forth in the Statement of Claim and asserted defenses including the following: Claimant failed to state a claim upon which relief can be granted, Claimant approved and ratified the acts and transactions complained of and is precluded from any recovery under the doctrines of ratification and waiver, Claimant's claims are barred by his express and implied agreements to voluntarily and knowingly assume the risk of losses in his

accounts, and the losses in Claimant's accounts were the result of market risks or fluctuations which were beyond the control of Respondents Lenander and Webb Financial.

Respondents Lenander and Webb Financial admitted that it had entered into the Investment Manager Service Agreement with Schwab, and as such, would assume the responsibility of indemnification of any damages awarded against Respondents Schwab and Groves.

RELIEF REQUESTED

Claimant requested an award in the amount of \$75,062 in compensatory damages. In addition Claimant request \$50,000 in punitive damages, interest, costs, attorney's fees and any other relief that the Panel deemed just and equitable.

In their Cross Claim, Respondents Schwab and Groves requested an Award reflecting indemnification of any damages assessed to Lenander and Webb Financial. In addition, Respondents Schwab and Groves requested costs, expungement of this matter from Groves' registration records maintained by the Central Registration Depository ("CRD"), and any other fees that the Panel deemed just and equitable.

Respondents Lenander and Webb Financial requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

On or about December 10, 2003 Claimant dismissed with prejudice any and all claims made against Respondents Charles Schwab & Company, Inc. and Randy D. Groves. The Panel did not adjudicate any claims against Respondents Schwab and Groves.

The parties also submitted on or about December 10, 2003, a Stipulated Motion for Groves' CRD record to be expunged.

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 originals remain on file with NASD Dispute Resolution ("NASD").

AWARD

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

1. Claimant's claims, each and all, against Respondents Leann Lenander and Webb Financial, L.L.C., are hereby denied and dismissed with prejudice in their entirety;
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Groves' registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Groves must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, including punitive damages, are denied with prejudice; and
4. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys' fees.

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	= \$ 300.00
Cross claim filing fee	= \$ 1,000.00

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 Charles Schwab & Company, Inc.

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00

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 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 x \$ 1,125.00 = \$ 1,125.00

Pre-hearing conference: 06/24/2003 1 session

Four (4) Hearing sessions with Panel x \$ 1,125.00 = \$ 4,500.00

Hearing Dates: 12/17/2003 2 sessions
12/18/2003 2 sessions

Total Forum Fees = \$ 5,625.00

The Arbitration Panel has assessed \$ 2,812.50 of the forum fees to Glenn K. Olson

The Arbitration Panel has assessed \$ 2,812.50 of the forum fees jointly and severally to Leann Lenander and Webb Financial, L.L.C.

Fee Summary

Claimant, Glenn K. Olson is liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	= \$ 2,812.50
Total Fees	= \$ 3,112.50
<u>Less payments</u>	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 1,687.50

Respondent, Charles Schwab & Company, Inc., is liable for:

<u>Member Fees</u>	= \$ 5,200.00
Total Fees	= \$ 5,200.00
<u>Less payments</u>	= \$ 6,325.00
Balance Refunded By NASD Dispute Resolution	= \$ 1,125.00

Respondents, Charles Schwab & Company, Inc. and Randy D. Groves, are jointly and severally liable for:

<u>Cross Claim Filing Fee</u>	= \$ 1,000.00
<u>Total Fees</u>	= \$ 1,000.00
<u>Less payments</u>	= \$ 1,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, Leann Lenander and Webb Financial, L.L.C., are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 2,812.50
<u>Total Fees</u>	= \$ 2,812.50
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 2,812.50

All balances are due to NASD Dispute Resolution pursuant to Rule 10330(g) of the Code of Arbitration

ARBITRATION PANEL

John C. DeMoss, Esq. - Public Arbitrator, Presiding Chair
Alois S. McAvoy, CPA - Public Arbitrator
Edward C. Oliver- Non-Public Arbitrator

Concurring Arbitrators:

John C. DeMoss, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Alois S. McAvoy, CPA
Public Arbitrator

Signature Date

Edward C. Oliver
Non-Public Arbitrator

Signature Date

1/16/04
Date of Service (NASD use only)

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Cross Claim Filing Fee

Total Fees

= \$ 1,000.00

Less payments

= \$ 1,000.00

Balance Due NASD Dispute Resolution

= \$1,000.00

0.00

Respondents, Leann Lenander and Webb Financial, L.L.C., are jointly and severally liable for:

Forum Fees

Total Fees

= \$ 2,812.50

Low payments

= \$ 2,812.50

Balance Due NASD Dispute Resolution

= \$ 0.00

$$= \$ 2,812.50$$

All balances are due to NASD Dispute Resolution pursuant to Rule 10330(g) of the Code of Arbitration

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Public Arbitrator, Presiding Chair

Signature Date

Alois S. McAvoy, CPA
Public Arbitrator

Signature Date

Edward C. Oliver
Non-Public Arbitrator

Signature Date

Date of Service (NASD use only)

<u>Cross Claim Filing Fee</u>	= \$ 1,000.00
<u>Total Fees</u>	= \$ 1,000.00
<u>Less payments</u>	= \$ 1,000.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondents, Leann Lenander and Webb Financial, L.L.C., are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 2,812.50
<u>Total Fees</u>	= \$ 2,812.50
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 2,812.50

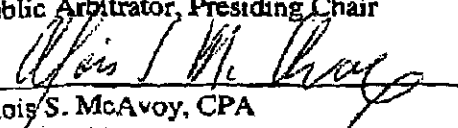
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John C. DeMoss, Esq.
Public Arbitrator, Presiding Chair


Alois S. McAvoy, CPA
Public Arbitrator

Signature Date

1/14/04
Signature Date

Edward C. Oliver
Non-Public Arbitrator

Signature Date

1/16/04
Date of Service (NASD use only)

<u>Cross Claim Filing Fee</u>	= \$ 1,000.00
<u>Total Fees</u>	= \$ 1,000.00
<u>Less payments</u>	= \$ 1,000.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondents, Leann Lenander and Webb Financial, L.L.C., are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 2,812.50
<u>Total Fees</u>	= \$ 2,812.50
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 2,812.50

All balances are due to NASD Dispute Resolution pursuant to Rule 10330(g) of the Code of Arbitration

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Public Arbitrator, Presiding Chair

Signature Date

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Public Arbitrator

Signature Date

Edward C. Oliver

Edward C. Oliver
Non-Public Arbitrator

1-15-04

Signature Date

1/16/04

Date of Service (NASD use only)