

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimants

Darrell Portzen, Kathryn Portzen and Elaine Portzen

And

02-06593
Milwaukee, Wisconsin

Name of Respondents

Peregrine Financials & Securities, Inc
ABN Amro Incorporated
Ellen M. Aleshire
Robert E. McBride
Daniel H. Brush
D H Brush & Associates, Inc.
Kevin J. Kowalski
James L. Klotz
James F. Kelly
Dennis Wenmouth
Kevin M. Murphy

Nature of the Dispute: Customers vs. Members, Terminated Member and Associated Persons.

REPRESENTATION OF PARTIES

Darrell Portzen, Kathryn Portzen and Elaine Portzen ("**Claimants**") were represented by Erwin Cohn, Esq., Cohn & Cohn, Chicago, Illinois.

Peregrine Financials & Securities, Inc ("**Respondent Peregrine**"), Kevin J. Kowalski ("**Respondent Kowalski**"), James L. Klotz ("**Respondent Klotz**"), James F. Kelly ("**Respondent Kelly**") and Kevin M. Murphy ("**Respondent Murphy**") were represented by Rebecca J. Wing, Esq., Peregrine Financials & Securities, Inc., Chicago, Illinois.

ABN Amro Incorporated ("**Respondent ABN Amro**") was represented by Jeffrey J. Bushofsky, Esq., McDermott, Will & Emery, Chicago, Illinois.

Ellen M. Aleshire ("**Respondent Aleshire**") did not appear or respond.

Robert E. McBride ("**Respondent McBride**") was represented by Paul F. Donahue, Esq., Bell, Boyd & Lloyd, LLC, Chicago, Illinois.

Daniel H. Brush ("**Respondent Brush**") was represented by Bruce Lewitas, Esq., Lewitas & Associates, Chicago, Illinois.

Dennis Wenmouth ("**Respondent Wenmouth**") was represented by Stephen S. Berkeley, Esq., Shaheen, Novoselsky, Staat, Filipowski & Eccleston, P.C., Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about November 1, 2002. Claimants Darrell Portzen, Kathryn Portzen and Elaine Portzen's Response to the Motion for Summary Judgment of the Respondents ABN Amro was filed on or about January 31, 2003. Submission Agreement of Claimants Darrell Portzen, Kathryn Portzen and Elaine Portzen was signed on September 25, 2002.

Answer and Affirmative Defenses to Statement of Claim was filed by Respondents Peregrine Financials & Securities, Inc., Kevin J. Kowalski, James L. Klotz, James F. Kelly and Kevin M. Murphy on or about December 27, 2002. Submission Agreement of Respondent Peregrine Financials & Securities, Inc was signed on December 26, 2002 by J. E. Pearson. Submission Agreement of Respondent Kevin J. Kowalski was signed on December 24, 2002. Submission Agreement of Respondent James L. Klotz was signed on December 23, 2002. Submission Agreement of Respondent James F. Kelly was signed on December 20, 2002. Submission Agreement of Respondent Kevin M. Murphy was signed on December 24, 2002.

ABN AMRO'S Answer, Defenses and Motion to Dismiss Respondent ABN Amro Incorporated on or about December 30, 2002. Submission Agreement of Respondent ABN Amro Incorporated was signed on December 24, 2002.

Statement of Answer was filed by Respondent Dennis Wenmouth on or about December 19, 2002. Submission Agreement of Respondent Dennis Wenmouth was signed on December 15, 2002.

Robert E. McBride's Answer and Defenses to Statement of Claim was filed on or about January 31, 2003.

CASE SUMMARY

Claimants alleged that

Ellen M. Alleshire placed her own interests and the interests of Respondents ahead of those of Claimants. Alleshire churned Claimants accounts, engaged in unauthorized purchases and sales and made wholly unsuitable investments in Claimants' accounts, in addition to being unregistered. Alleshire's motivation was simply to generate compensation for herself and Respondents. Alleshire completely disregarded Claimants' investment objectives. Respondents

negligently failed to detect these violations. Because of Respondents actions, omissions, misrepresentations, negligence, breaches of duties and failure to properly supervise, they, along with Aleshire, have become liable to Claimant on a number of legal grounds, including, but not limited to, the following:

1. Excessive trading and churning;
2. Sale and purchase of unsuitable investments;
3. Unauthorized transaction;
4. Failure to supervise;
5. Misrepresentations and omissions;
6. Violations of Wisconsin Blue Sky Laws and NASD Conduct rules;
7. Breach of contract;
8. Constructive fraud/breach of fiduciary duty;
9. Common law fraud;
10. Violations of other Wisconsin consumer protection statutes; and
11. Being unregistered in Wisconsin.

RELIEF REQUESTED

Claimants Daryl and Kathryn Portzen requested an award against the respondents, jointly and severally, in an amount that includes the following:

1. Actual damages in the amount of \$125,062.76 or an amount to be determined by this Panel, but not to exceed \$500,000.00;
2. Actual damages, the amount to be established at the Arbitration hearing, which will show how a well-managed portfolio for Claimants would have performed;
3. Lost interest as provided by the Wisconsin Securities Act;
4. Disgorgement of illicitly generated commissions fees and charge in an amount of \$12,381.80 or such amount as is shown at the hearing;
5. Recovery of \$31,805.79 charged margin interest over the life of the account;
6. Attorney fees and costs of arbitration, including but not limited to expert witness fees, expenses and accounting fees as provided by the Wisconsin Securities Act;
7. Pre and post award interest at the statutory rate;
8. Punitive damages, and
9. Rescission of all trades in E.M.C. Corp. (\$61,484.48), Sun Microsystems, Inc. (\$32,535.76) and Tellabs, Inc. (\$39,596.64).

Claimant Elaine Portzen requested an award against the respondents, jointly and severally, in an amount that includes the following:

1. Actual damages to be determined by this Panel;
2. Actual damages, the amount to be established at the Arbitration hearing;

3. Lost interest as provided by the Wisconsin Securities Act;
4. Disgorgement of illicitly generated commissions fees and charges to be shown at the hearing;
5. Attorney fees and costs of arbitration, including but not limited to expert witness fees, expenses and accounting fees as provided by the Wisconsin Securities Act;
6. Pre and post award interest at the statutory rate;
7. Punitive damages, and
8. Rescission of all purchases of calls.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Ellen M. Aleshire has been properly served with the Statement of Claim pursuant to Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Ellen M. Aleshire has received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

Respondent Ellen M. Aleshire did not file with the NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the Code and is bound by the determination of the arbitration panel on all issues submitted.

By letter dated September 9, 2003, Claimants' attorney advised NASD that Respondent Robert (Robin) McBride may be dismissed with prejudice.

By letter dated December 1, 2003, Claimants' attorney advised NASD that Respondents Peregrine Financials & Securities, Inc., Kevin Kowalski, James Klotz, Kevin Murphy and James Kelly may be dismissed with prejudice from this matter.

In its Order dated December 12, 2004 [3], the Arbitration Panel denied the Motion to Dismiss filed by Respondent ABN Amro. The Arbitration Panel further stated in that Order that: "Respondent Amro has no liability to Claimant in its capacity as a "clearing correspondent broker." If Claimant cannot prove at hearing that Respondent Amro acted in a capacity other than that of a clearinghouse, the claim as to Respondent Amro will be dismissed."

At the hearing of this matter, Claimants informed the Arbitration Panel that the claims asserted against Respondents ABN Amro Incorporated, Daniel H. Brush, D H Brush & Associates, Inc. and Dennis Wenmouth were either settled or dismissed.

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 (the "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. To the extent all Respondent's except Respondent Aleshire had not been formally dismissed from the proceeding prior to the hearing, all claims against them are hereby dismissed.
2. Respondent Ellen M. Alleshire shall be and hereby is liable for and shall pay to Claimants Darrell Portzen and Kathryn Portzen the sum of \$130,000.00 (**One Hundred Thirty Thousand Dollars and No Cents**) together with attorneys' fees in the additional amount of \$40,000.00 (**Forty Thousand Dollars and No Cents**).
3. Respondent Ellen M. Alleshire shall be and hereby is liable for and shall pay to Claimant Elaine Portzen the sum of \$15,000.00 (**Fifteen Thousand Dollars and No Cents**) together with attorneys' fees in the additional amount of \$5,000.00 (**Five Thousand Dollars and No Cents**).
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.
5. 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, not specifically awarded or otherwise provided for above.

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 = \$300.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute.

In this matter, the member firm(s) are Peregrine Financials & Securities, Inc., D H Brush & Associates, Inc. and ABN Amro Incorporated.

Member surcharge	\$	1,700.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	2,750.00
Total Member Fees	\$	5,200.00

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:

3 Pre-hearing session(s) with Panel	x	1,125.00	\$	3,375.00
October 10, 2003	1	session		
December 1, 2003	1	session		
January 27, 2004	1	session		
1 Hearing sessions	x	1,125.00	\$	1,125.00
June 1, 2004	1	sessions		
Total Forum Fees			\$	4,500.00

The Arbitration Panel has assessed \$4,500.00 of the forum fees to Ellen M. Alleshire.

Fee Summary

Claimants, Darrell Portzen, Kathryn Portzen and Elaine Portzen shall be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$	300.00
Total Fees	= \$	300.00
<u>Less payments</u>	= \$	-1,425.00
Balance to be refunded by NASD Dispute Resolution	= \$	-1,125.00

Respondent, Peregrine Financials & Securities, Inc, shall be and hereby is liable for:

Member Fees	= \$	5,200.00
Total Fees	= \$	5,200.00
<u>Less payments</u>	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	2,750.00

Respondent, ABN Amro Incorporated, shall be and hereby is liable for:

Member Fees	= \$	5,200.00
Total Fees	= \$	5,200.00
<u>Less payments</u>	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	2,750.00

Respondent, Ellen M. Alleshire shall be and hereby is liable for:

<u>Forum Fees</u>	= \$	4,500.00
Total Fees	= \$	4,500.00
<u>Less payments</u>	= \$	-0.00
Balance Due NASD Dispute Resolution	= \$	4,500.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Fredric R. Dichter, J.D. - Public Arbitrator, Presiding Chair
James Lewis Molloy, J.D. - Public Arbitrator
Frank Samuelsohn - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Fredric R. Dichter
Fredric R. Dichter, J.D.
Public Arbitrator, Presiding Chair

September 14, 2004
Signature Date

/s/ James Lewis Molloy
James Lewis Molloy, J.D.
Public Arbitrator

September 17, 2004
Signature Date

/s/ Frank Samuelson
Frank Samuelsohn
Non-Public Arbitrator

September 14, 2004
Signature Date

Date of Service: 9/17/04

09/13/2004 14:54 FAX

NASD

012/012

NASD Dispute Resolution
Arbitration No. 02-06593
Award Page 7 of 7

Respondent, ABN Amro Incorporated, shall be and hereby is liable for:

Member Fees	= \$	5,200.00
Total Fees	= \$	5,200.00
Less payments	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	2,750.00

Respondent, Ellen M. Alleshire shall be and hereby is liable for:


Forum Fees	= \$	4,500.00
Total Fees	= \$	4,500.00
Less payments	= \$	-0.00
Balance Due NASD Dispute Resolution	= \$	4,500.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Fredric R. Dichter, J.D. - Public Arbitrator, Presiding Chair
James Lewis Molloy, J.D. - Public Arbitrator
Frank Samuelsohn - Non-Public Arbitrator

Concurring Arbitrators:



Fredric R. Dichter, J.D.
Public Arbitrator, Presiding Chair

9-14-04

Signature Date

James Lewis Molloy, J.D.
Public Arbitrator

Signature Date

Frank Samuelsohn
Non-Public Arbitrator

Signature Date

Date of Service: _____

NASD Dispute Resolution
Arbitration No. 02-06593
Award Page 7 of 7

Respondent, ABN Amro Incorporated, shall be and hereby is liable for:

Member Fees	= \$	5,200.00
Total Fees	= \$	5,200.00
Less payments	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	2,750.00

Respondent, Ellen M. Alleshire shall be and hereby is liable for:

Forum Fees	= \$	4,500.00
Total Fees	= \$	4,500.00
Less payments	= \$	-0.00
Balance Due NASD Dispute Resolution	= \$	4,500.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Fredric R. Dichter, J.D. - Public Arbitrator, Presiding Chair
James Lewis Molloy, J.D. - Public Arbitrator
Frank Samuelsohn - Non-Public Arbitrator

Concurring Arbitrators:

Fredric R. Dichter, J.D.
Public Arbitrator, Presiding Chair

Signature Date


James Lewis Molloy, J.D.
Public Arbitrator

9-17-04
Signature Date

Frank Samuelsohn
Non-Public Arbitrator

Signature Date

Date of Service: _____

NASD Dispute Resolution
Arbitration No. 02-06593
Award Page 7 of 7

Respondent, ABN Amro Incorporated, shall be and hereby is liable for:

Member Fees	= \$	5,200.00
Total Fees	= \$	5,200.00
<u>Less payments</u>	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	2,750.00

Respondent, Ellen M. Alleshire shall be and hereby is liable for:

Forum Fees	= \$	4,500.00
Total Fees	= \$	4,500.00
<u>Less payments</u>	= \$	-0.00
Balance Due NASD Dispute Resolution	= \$	4,500.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Fredric R. Dichter, J.D. - Public Arbitrator, Presiding Chair
James Lewis Molloy, J.D. - Public Arbitrator
Frank Samuelsohn - Non-Public Arbitrator

Concurring Arbitrators:

Fredric R. Dichter, J.D.
Public Arbitrator, Presiding Chair

Signature Date

James Lewis Molloy, J.D.
Public Arbitrator

Signature Date



Frank Samuelsohn
Non-Public Arbitrator

9/14/04

Signature Date

Date of Service: _____