

**Stipulated Award
NASD Dispute Resolution**

COPY

In the Matter of the Arbitration Between:

Robert M. Willis and Shirley J. Willis, Claimants v. Sutro & Co. nka RBC Dain Rauscher, Inc.,
Edward L. Dawson, and The Lincoln National Life Insurance Co., Respondents

Case Number: 02-06651

Hearing Site: San Francisco, California

Nature of the Dispute: Customers v. Members and Associated Person
Member and Associated Person v. Customers

REPRESENTATION OF PARTIES

For Claimants:

P. Terry Anderlini, Esq.
Anderlini, Finkelstein & Emerick
San Mateo, California

For Respondents Sutro & Co. nka RBC Dain
Rauscher, Inc. and Edward L. Dawson:

Abe Lampart, Esq.
Law Offices of Abe Lampart, P.C.
San Francisco, California

For Respondent The Lincoln National Life Insurance Co.:

Peter E. Romo, Jr., Esq.
Seyfarth Shaw
San Francisco, California

CASE INFORMATION

Statement of Claim filed: November 5, 2002

Claimant Robert M. Willis' Uniform Submission Agreement signed: October 18, 2002

Claimant Shirley J. Willis' Uniform Submission Agreement signed: October 19, 2002

Statement of Answer filed by Respondent The Lincoln National Life Insurance Co.:
February 3, 2003

Joint Statement of Answer and Counterclaim filed by Respondents Sutro & Co. nka RBC Dain
Rauscher, Inc. ("RBC Dain Rauscher") and Edward L. Dawson: February 3, 2003

Respondent RBC Dain Rauscher's Uniform Submission Agreement signed: December 9, 2002

Respondent Edward L. Dawson's Uniform Submission Agreement signed: January 30, 2003

Respondent The Lincoln National Life Insurance Co.'s Uniform Submission Agreement signed:
December 6, 2002

CASE SUMMARY

Claimants alleged that certain misrepresentations were made with respect to a variable universal life insurance policy which they purchased.

Respondents denied the allegations of wrongdoing set forth in Claimants' Statement of Claim and asserted a number of affirmative defenses, including waiver, estoppel, laches, comparative and contributory negligence, lack of proximate cause and failure to mitigate damages. Respondents RBC Dain Rauscher and Edward L. Dawson, brought a counterclaim for breach of trust duties owed the trust estate by the trustee, including the duty to use due care and diligence in making investments and managing trust assets.

RELIEF REQUESTED

Claimants requested rescission of the Policy, actual damages of \$300,000.00, punitive damages of \$200,000.00, interest, and costs, including attorney's fees.

Respondents RBC Dain Rauscher and Edward L. Dawson requested dismissal of the Claimants' Statement of Claim in its entirety, actual damages in an amount to be determined by the Panel, an order of expungement of all references to this matter from the CRD of Respondent Edward L. Dawson, and costs, including attorney's fees.

Respondent The Lincoln National Life Insurance Co. requested dismissal of the Claimants' Statement of Claim in its entirety, and costs, including attorney's fees.

PRELIMINARY MATTERS

1. Claimants dismissed with prejudice each and every claim asserted against Respondent Dawson;
2. Claimants acknowledged that each and every claim asserted against Respondent Dawson fails to state a claim upon which relief can be granted;
3. Claimant has agreed to expungement of all references to the above-captioned arbitration from the registered records maintained by the NASD Central Registration Depository ("CRD") of Respondent Dawson (CRD No. 1131796);

Further, Claimants and the remaining Respondents RBC Dain Rauscher and The Lincoln National Life Insurance Co., through their respective attorneys of record, stipulated that:

1. Each and every one of Claimants' claims asserted against Respondents RBC Dain Rauscher and The Lincoln National Life Insurance Co. is hereby dismissed with prejudice;
2. The Panel will recommend the expungement of all references to the above-captioned arbitration from the registered records maintained by the NASD Central Registration Depository ("CRD") of Respondent Dawson (CRD No. 1131796); and
3. All NASD arbitration and forum fees incurred will be divided 1/3 each among (1) Claimants, (2) RBC Dain Rauscher & Mr. Dawson and (3) Respondent The Lincoln National Life Insurance Co.

OTHER ISSUES CONSIDERED AND DECIDED

On December 10, 2002, Claimants and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators. Pursuant to the Code of Arbitration Procedure IM-10100 the waiver of the Claimants shall constitute and operate as a waiver for all member firms and associated persons (including terminated or otherwise inactive member firms or associated persons) against whom the Claim has been filed.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

Pursuant to the agreement of the Parties, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Each and every one of Claimants' claims asserted against Respondents RBC Dain Rauscher, Edward L. Dawson and The Lincoln National Life Insurance Co. is hereby dismissed with prejudice;
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Edward L. Dawson's (CRD No. 1131796) registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Edward L. Dawson must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;

3. All NASD arbitration and forum fees incurred will be divided 1/3 each among (1) Claimants, (2) RBC Dain Rauscher & Edward L. Dawson and (3) Respondent The Lincoln National Life Insurance Co.; and
4. Any and all relief not specifically addressed herein is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

| | |
|--|---------------|
| Initial claim filing fee | = \$ 300.00 |
| RBC Dain Rauscher's and Edward L. Dawson's Counterclaim filing fee | = \$ 1,000.00 |

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events which gave rise to the dispute, claim, or controversy. Accordingly, the member firm RBC Dain Rauscher is a party and the following fees are assessed:

| | |
|----------------------------|----------------------|
| Member Surcharge | = \$ 1,700.00 |
| Pre-Hearing Process Fee | = \$ 750.00 |
| <u>Hearing Process Fee</u> | <u>= \$ 2,750.00</u> |
| Total Member Fees | = \$ 5,200.00 |

Additionally, the member firm The Lincoln National Life Insurance Co. is a party and the following fees are assessed:

| | |
|----------------------------|----------------------|
| Member Surcharge | = \$ 1,700.00 |
| Pre-Hearing Process Fee | = \$ 750.00 |
| <u>Hearing Process Fee</u> | <u>= \$ 2,750.00</u> |
| Total Member Fees | = \$ 5,200.00 |

Adjournment Fees

The following adjournment fees are assessed:

| | |
|---|---------------|
| October 24, 27 and 28, 2003, requested by RBC Dain Rauscher | = \$ 1,125.00 |
|---|---------------|

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Panel. The following fees are assessed:

(2) Pre-hearing conference sessions with the Panel @ \$1,125.00/session = \$ 2,250.00

Pre-hearing conferences: May 29, 2003 1 session
October 24, 2003 1 session

(7) Hearing sessions @ \$1,125.00/session = \$ 7,875.00

Hearings: January 28, 2004 2 sessions
January 29, 2004 2 sessions
January 30, 2004 2 sessions
March 30, 2004 1 session

Total Forum Fees = \$ 10,125.00

1. The Panel assessed \$3,375.00 of the forum fees jointly and severally to Claimants.
2. The Panel assessed \$3,375.00 of the forum fees jointly and severally to Respondents RBC Dain Rauscher and Edward L. Dawson.
3. The Panel assessed \$3,375.00 of the forum fees to Respondent The Lincoln National Life Insurance Co.

Fee Summary

1. Claimants Robert M. Willis and Shirley J. Willis are charged jointly and severally with the following fees and costs:

| | |
|-------------------------------------|----------------|
| Initial filing fee | = \$ 300.00 |
| Forum Fees | = \$ 3,375.00 |
| Total Fees | = \$ 3,675.00 |
| Less payments | = \$(1,425.00) |
| Balance Due NASD Dispute Resolution | = \$ 2,250.00 |

2. Respondent RBC Dain Rauscher is charged with the following fees and costs:

| | |
|-------------------------------------|----------------|
| Adjournment Fee | = \$ 1,125.00 |
| Member Fees | = \$ 5,200.00 |
| Total Fees | = \$ 6,325.00 |
| Less payments | = \$(5,200.00) |
| Balance Due NASD Dispute Resolution | = \$ 1,125.00 |

3. Respondents RBC Dain Rauscher and Edward L. Dawson are charged jointly and severally with the following fees and costs:

| | |
|--|----------------------|
| Counterclaim Filing Fee | = \$ 1,000.00 |
| Forum Fees | = \$ 3,375.00 |
| Total Fees | = \$ 4,375.00 |
| Less payments by RBC Dain Rauscher | = \$(2,125.00) |
| Balance Due NASD Dispute Resolution | = \$ 2,250.00 |

4. Respondent The Lincoln National Life Insurance Co. is charged with the following fees and costs:

| | |
|--|----------------------|
| Member Fees | = \$ 5,200.00 |
| Forum Fees | = \$ 3,375.00 |
| Total Fees | = \$ 8,575.00 |
| Less payments | = \$(5,200.00) |
| Balance Due NASD Dispute Resolution | = \$ 3,375.00 |

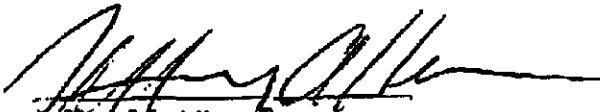
All balances are payable to NASD Dispute Resolution and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Jeffrey M. Allen, Esq.
Leonard Greenwold
E. Duane Stephens

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures


Jeffrey M. Allen, Esq.
Chair, Public Arbitrator

June 22, 2004
Signature Date

Leonard Greenwold
Public Arbitrator

Signature Date

E. Duane Stephens
Non-Public Arbitrator

Signature Date

6/28/04
Date of Service

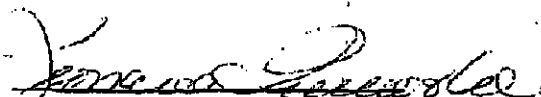
ARBITRATION PANEL

| | | |
|------------------------|---|------------------------------------|
| Jeffrey M. Allen, Esq. | - | Public Arbitrator, Presiding Chair |
| Leonard Greenwold | - | Public Arbitrator |
| E. Duane Stephens | - | Non-Public Arbitrator |

Concurring Arbitrators' Signatures

Jeffrey M. Allen, Esq.
Chair, Public Arbitrator

Signature Date


Leonard Greenwold
Public Arbitrator

6/24/04
Signature Date

E. Duane Stephens
Non-Public Arbitrator

Signature Date

6/28/04
Date of Service

ARBITRATION PANEL

Jeffrey M. Allen, Esq.
Leonard Greenwold
E. Duane Stephens

-
-
-

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures

Jeffrey M. Allen, Esq.
Chair, Public Arbitrator

Signature Date

Leonard Greenwold
Public Arbitrator

Signature Date


E. Duane Stephens
Non-Public Arbitrator

6/24/04
Signature Date

6/28/04
Date of Service