

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Claimants

James V. McMahonill and Mary E. McMahonill

v.

02-06890

Minneapolis, Minnesota

Respondents

US Bancorp Piper Jaffray, Inc. and Daniel Lastavich

Nature of Dispute: Customers v. Member and Associated Person

REPRESENTATION OF PARTIES

James V. McMahonill and Mary E. McMahonill ("Claimants") were represented by Henry M. Helgen, Esq., and Jennifer Jameson, Esq., of McGrann Shea Anderson Carnival Straughn & Lamb, Minneapolis, Minnesota.

US Bancorp Piper Jaffray, Inc. ("US Bancorp") and Daniel Lastavich ("Lastavich"), hereinafter referred to as ("Respondents"), were represented by Joseph W. Anthony, Esq. and Steven M. Phillips, Esq., of Anthony Ostlund & Baer, P.A., Minneapolis, Minnesota.

CASE INFORMATION

The Statement of Claim was filed on or about November 14, 2002. Submission Agreements of Claimants were signed on or about November 8, 2002.

A Joint Statement of Answer was filed by Respondents US Bancorp Piper Jaffray, Inc. and Daniel Lastavich on or about January 10, 2003. Submission Agreement of Respondent US Bancorp Piper Jaffray, Inc. was signed on or about November 25, 2004. Submission Agreement of Respondent Daniel Lastavich was signed on or about November 27, 2004.

CASE SUMMARY

Claimants asserted causes of action including the following: breach of fiduciary duty, suitability, failure to supervise, federal securities fraud, violations of Minnesota securities laws, churning, misrepresentation and respondeat superior. The causes of action related to Claimants' allegation that Respondents switched their investment strategy from holdings consisting of fixed income securities and "blue chip" common stocks to holdings consisting of various unspecified "high tech" stocks, which, according to Claimants, were volatile and speculative. Claimants asserted that they were not consulted re: the switch in investment strategy, and that given their financial goals, this

strategy was unsuitable. Claimants stated that they depended on Respondents to make appropriate recommendations that would be in Claimants' best interests and within the framework of their established guidelines.

Respondents denied the allegations set forth in the Statement of Claim and asserted defenses including the following: Claimants' claims are barred, in part, by the applicable statutes of limitation and/or repose and by the doctrine of laches; Claimants expressly approved and ratified the acts and transactions complained of and upon which recovery is sought and are thus precluded from recovery under the doctrines of ratification and waiver; any losses sustained by Claimants were proximately caused by Claimants' express and implied agreements to voluntarily and knowingly assume the risk of losses in their accounts; Claimants authorized and/or directed the purchases and sales of securities in their accounts; and Claimants' alleged losses, if any, were proximately caused by Claimants' own conduct and negligence or contributory negligence.

RELIEF REQUESTED

Claimants requested an award in excess of \$5,000,000 in compensatory damages. In addition Claimants requested punitive damages, costs, interest, attorney's fees and any other relief that the Panel deem just and equitable.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees. In addition, Respondents requested that this matter be expunged from Respondent Daniel L. Lastavich's permanent registration records maintained by the Central Registration Depository ("CRD").

OTHER ISSUES CONSIDERED & DECIDED

During the course of the arbitration hearing, the parties fully and finally settled all claims by and between them and Claimants agreed that all claim asserted by them against Respondents will be withdrawn. As part of their settlement agreement, the parties submit this Stipulated Award to the Panel for its consideration and request that it be entered.

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

1. Claimants' claims, having been withdrawn, are hereby dismissed with prejudice in their entirety;
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Daniel L. Lastavich's 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 Daniel L. Lastavich must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive; and
3. 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 = \$ 600

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 US Bancorp Piper Jaffray, Inc.

Member surcharge = \$ 3,350
Pre-hearing process fee = \$ 750
Hearing process fee = \$ 5,500

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:

One (1) Pre-hearing session with Panel x \$ 1,200 = \$ 1,200

Pre-hearing conference: 05/14/2003 1 session

~~Three (3) Hearing sessions with Panel A \$ 1,200 = \$ 3,600~~

Hearing Dates: 04/12/2004 2 sessions
04/13/2004 1 session

Total Forum Fees = \$ 4,800

The Arbitration Panel has assessed \$ 2,400 of the forum fees jointly and severally to James V. McMahonill and Mary E. McMahonill.

The Arbitration Panel has assessed \$ 2,400 of the forum fees jointly and severally to US Bancorp Piper Jaffray, Inc. and Daniel Lastavich.

Fee Summary

Claimants, James V. McMahonill and Mary E. McMahonill, are jointly and severally liable for:

Initial Filing Fee	= \$ 600
<u>Forum Fees</u>	<u>= \$ 2,400</u>
<u>Total Fees</u>	<u>= \$ 3,000</u>
<u>Less payments</u>	<u>= \$ 1,800</u>
Balance Due NASD Dispute Resolution	= \$ 1,200

Respondent, US Bancorp Piper Jaffray, Inc., is liable for:

<u>Member Fees</u>	<u>= \$ 9,600</u>
<u>Total Fees</u>	<u>= \$ 9,600</u>
<u>Less payments</u>	<u>= \$ 9,600</u>
Balance Due NASD Dispute Resolution	= \$ 0

Respondents, US Bancorp Piper Jaffray, Inc. and Daniel Lastavich are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$ 2,400</u>
<u>Total Fees</u>	<u>= \$ 2,400</u>
<u>Less payments</u>	<u>= \$ 0</u>
Balance Due NASD Dispute Resolution	= \$ 2,400

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

ARBITRATION PANEL

Lawrence R. Commers, Esq. - Public Arbitrator, Presiding Chair
Brett W. Olander, Esq. - Public Arbitrator
John R. Kelly, III- Non-Public Arbitrator

Concurring Arbitrators:

Lawrence R. Commers, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Brett W. Olander, Esq.
Public Arbitrator

Signature Date

John R. Kelly, III
Non-Public Arbitrator

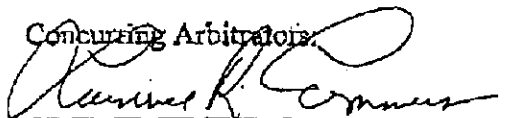
Signature Date

6/2/04
Date of Service (NASD use only)

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Concurring Arbitrator:



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Public Arbitrator, Presiding Chair

6-7-04
Signature Date

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Public Arbitrator

Signature Date

John R. Kelly, III
Non-Public Arbitrator

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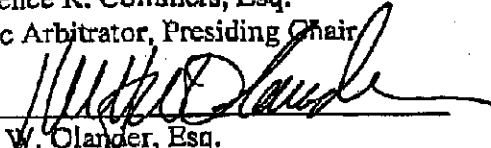
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Public Arbitrator, Presiding Chair

Signature Date



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Public Arbitrator

06-03-04

Signature Date

John R. Kelly, III
Non-Public Arbitrator

Signature Date

6/7/04

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Brett W. Olander, Esq.
Public Arbitrator

Signature Date



John R. Kelly, III
Non-Public Arbitrator

6/1/04

Signature Date

6/3/04

Date of Service (NASD use only)