

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimants

Dennis McCullough, Deb Altepeter, Darrell Voytilla,
JoAnn Voytilla, Merlin Drangstviet, Marlys Drangstviet,
Rolland Gagner, Nancy Gagner, Russell Culkins,
Thelma Culkins, Alfred Weigel, Violet Weigel,
and Joann Larson

v.

02-07480
Minneapolis, Minnesota

Respondents

RBC Dain Rauscher, Inc.,
John G. Kinnard & Company, Inc.,
Citigroup Global Markets, Inc., and Regan A. Rohl

Nature of Dispute: Customers v. Member Firms, Terminated Member Firm and Associated Person

REPRESENTATION OF PARTIES

Dennis McCullough, Deb Altepeter, Darrell Voytilla, JoAnn Voytilla, Merlin Drangstviet, Marlys Drangstviet, Rolland Gagner, Nancy Gagner, Russell Culkins, Thelma Culkins, Alfred Weigel, Violet Weigel, and Joann Larson, hereinafter referred to as "**Claimants**" were represented by Bruce Pearson, Pelican Rapids, Minnesota.

RBC Dain Rauscher, Inc. ("**RBC**") was represented by Christopher A. Grgurich, Esq., of Lindquist & Vennum, P.L.L.P, Minneapolis, Minnesota.

John G. Kinnard & Company, Inc. ("**Kinnard**") was represented by F. Chet Taylor, Esq., of Meikle & Taylor, P.A., Minneapolis, Minnesota.

Citigroup Global Markets, Inc. ("**Citigroup**") was represented by Raul Sanchez, Esq., of Citigroup Global Markets, Inc., New York City, New York.

Regan A. Rohl ("**Rohl**") appeared pro se.

CASE INFORMATION

The Statement of Claim was filed on or about December 11, 2002. Submission Agreement of Dennis McCullough was signed on or about September 28, 2001. Submission Agreement of Deb Altepeter was signed on or about October 20, 2001. Submission Agreement of Darrell Voytilla was signed on

or about October 17, 2001. Submission Agreement of JoAnn Voytilla was signed on or about October 17, 2001. Submission Agreement of Merlin Drangstviet was signed on or about October 17, 2001. Submission Agreement of Marlys Drangstviet was signed on or about October 17, 2001. Submission Agreement of Rolland Gagner was signed but not dated. Submission Agreement of Nancy Gagner was signed but not dated. Submission Agreement of Russell Culkins was signed on or about May 15, 2002. Submission Agreement of Thelma Culkins was signed on or about May 15, 2002. Submission Agreement of Alfred Weigel was signed on or about May 8, 2002. Submission Agreement of Violet Weigel was signed on or about May 8, 2002. Submission Agreement of JoAnn Larson was signed but not dated.

A Statement of Answer was filed by jointly by Respondents RBC Dain Rauscher, Inc. and Regan A. Rohl, on or about January 12, 2004. Submission Agreement of Respondent RBC Dain Rauscher, Inc. was signed on or about November 7, 2003.

A Statement of Answer was filed by Respondent John G. Kinnard & Company, Inc. on or about January 7, 2004. Submission Agreement of Respondent John G. Kinnard & Company, Inc. was signed on or about January 8, 2004.

A Statement of Answer and Motion to Sever was filed jointly by Respondents Citigroup Global Markets, Inc. and Regan A. Rohl, on or about January 7, 2004. Submission Agreement of Respondent Citigroup Global Markets, Inc. was signed on or about January 9, 2004. No Response was received to the Motion to Sever.

Respondents RBC Dain Rauscher and Regan A. Rohl filed a Motion for More Definite Statement of Claim on or about January 7, 2004. Claimant filed a Response on or about March 5, 2004.

A Statement of Answer was filed by Respondent Regan A. Rohl on or about January 12, 2004. Submission Agreement of Respondent Regan A. Rohl was signed on or about January 5, 2004.

Respondents RBC Dain Rauscher, Inc. and Regan A. Rohl filed a Motion to Dismiss on or about March 16, 2004. Claimants filed a Response on or about April 5, 2004. Respondents RBC Dain Rauscher, Inc. and Regan A. Rohl filed a Reply in support of their Motion to Dismiss on or about April 12, 2004.

CASE SUMMARY

Claimants asserted causes of action including the following: breach of fiduciary duty, omissions, suitability, failure to supervise, misrepresentations and unauthorized trading. The causes of action related to Claimants' allegations that Respondent Rohl solicited them to purchase various low quality bonds, including: Loween Group bonds, APPL bonds, FHLMC bonds, AAP bonds, INDAH KIAT bonds, and Brazilian Federal Republic bonds. Claimants asserted that Rohl misrepresented the

quality and credit ratings of the bonds. Claimants also alleged that the firms where Rohl was employed, failed to supervise him, and thus enabled him to make the unsuitable recommendations.

Respondents RBC Dain Rauscher, Inc. and Rohl denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: Claimants are barred from recovery under the principles of waiver, laches, estoppel, ratification and acquiescence; Claimants knew the risks associated with the transaction at issue, and they knowingly, willingly and voluntarily assumed those risks in an effort to generate above-market rates of return; Claimants are precluded from recovery against RBC in this proceeding because at all times relevant hereto, RBC maintained an adequate and reasonable system of supervision and control over its' employees; and Claimants are precluded from recovery because any losses sustained by them were a direct and proximate result of market events outside of the control of RBC and not any improper act or actionable omission on the part of RBC.

Respondent John G. Kinnard & Company, Inc. denied the allegations set forth in the Statement of Claim and asserted defenses including the following: Claimants failed to state a claim upon which relief can be granted; Claimants' claims are barred in whole or part because they made a "second investment decision" to maintain their various investments after receiving confirmation of each and every trade; Claimants' claim are barred in whole or in part by the doctrines of contributory negligence, comparative fault, and assumption of risk; Claimants' claims are barred in whole or in part by the legal and equitable doctrines of estoppel, waiver, laches and ratification; and Respondents acted at all times in good faith, which is a bar to any statutory claim or request for punitive damages.

Respondents Citigroup Global Markets, Inc. and Rohl denied the allegations set forth in the Statement of Claim and asserted defenses including the following: Claimants failed to state any cause of action upon which relief can be granted; all actions that Respondents took relating to Claimants' accounts were directed or authorized by Claimants; the damages allegedly sustained by Claimants were not proximately or causally related to any alleged conduct, or activity, attributable to Respondents; the damages claimed by Claimants are barred or limited to the extent that the alleged damages were caused, in whole or in part, by Claimants' own conduct or Claimants' failure to act when timely action on their part was necessary, reasonable and appropriate; and Claimants are not entitled to recovery of any damages because the overall performance of their portfolios during the relevant times indicate that Claimants did not suffer any legally recognizable injuries or damages.

Respondent Regan A. Rohl denied the allegations set forth in the Statement of Claim and joined in John G. Kinnard's Answer and their various defenses.

RELIEF REQUESTED

Claimants requested an award in the amount of \$409,422.54 in compensatory damages against Respondents. The following is a breakdown of each relief request filed by Claimants: Claimant, Dennis McCullough, requested an award of \$52,354.00 in compensatory damages against

Respondents RBC, Kinnard and Rohl; Claimant, Deb Altepeter, requested an award of \$35,000.00 in compensatory damages against Respondents RBC, Kinnard and Rohl; Claimants, Darrell Voytilla and JoAnn Voytilla, requested an award of \$8,330.00 in compensatory damages against Respondents RBC and Rohl; Claimants, Merlin Drangstviet and Marlys Drangstviet, requested an award of \$26,124.00 in compensatory damages and interest against Respondents RBC and Rohl; Claimants, Rolland Gagner and Nancy Gagner, requested an award of \$179,000.00 in compensatory damages against Respondents RBC, Kinnard Citigroup and Rohl; Claimants Russell Culkins and Thelma Culkins, requested an award of \$4,512.00 in compensatory damages against Respondents RBC and Rohl; Claimants, Alfred Weigel and Violet Weigel, requested an award of \$5,416.54 in compensatory damages and interest against Respondents RBC and Rohl; Claimant, Joann Larson, requested an award of \$98,686.00 in compensatory damages against Respondents RBC, Kinnard and Rohl. In addition, all Claimants requested costs, and attorney's fees associated with this arbitration case.

Respondent RBC Dain Rauscher, Inc. requested that the claims asserted against it be denied and dismissed in their entirety and that it be awarded its costs and attorneys' fees.

Respondent John G. Kinnard & Company, Inc. requested that the claims asserted against it be denied and dismissed in their entirety and that it be awarded its costs and attorneys' fees.

Respondent Citigroup Global Markets, Inc. requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

Respondent and Regan A. Rohl requested that the claims asserted against him be denied in their entirety and that he be awarded his costs.

OTHER ISSUES CONSIDERED & DECIDED

At the April 26, 2004 pre-hearing conference call, the Panel heard oral arguments on Respondents' RBC and Rohl's Motion to Dismiss Motion for a More Definite Statement of Claim and Citigroup's Motion to Sever. During the pre-hearing, Respondents Citigroup and Kinnard joined in RBC and Rohl's Motion to Dismiss. After deliberation, the Panel issued an order reflecting the following:

Respondents RBC Dain Rauscher, Inc., John G. Kinnard & Company, Inc., Citigroup Global Markets, Inc., and Regan A. Rohl's Motion to Dismiss is granted, and as such, all claims asserted against them will be dismissed without prejudice in their entirety.

Respondents RBC Dain Rauscher, Inc. and Citigroup Global Markets, Inc. filed an Answer on behalf of Regan A. Rohl for the time he was employed at the respective firms. Respondent Rohl represented himself during the pre-hearing conferences.

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 arguments presented at the April 26, 2004 pre-hearing conference call, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims, each and all, are hereby dismissed without prejudice in their entirety;
2. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, are denied without prejudice; 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 = \$ 300

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 firms are RBC Dain Rauscher, Inc., John G. Kinnard & Company, Inc., and Citigroup Global Markets, Inc.

Member surcharge = \$ 1,700
Pre-hearing process fee = \$ 750
Hearing process fee = \$ 2,750

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:

Two (2) Pre-hearing sessions with Panel x \$ 1,125 = \$ 2,250

Pre-hearing conferences:	03/19/2004	1 session
	04/26/2004	1 session

Total Forum Fees = \$ 2,250

The Arbitration Panel has assessed \$ 450 of the forum fees jointly and severally to Dennis McCullough, Deb Altepeter, Darrell Voytilla, JoAnn Voytilla, Merlin Drangstviet, Marlys Drangstviet, Rolland Gagner, Nancy Gagner, Russell Culkins, Thelma Culkins, Alfred Weigel, Violet Weigel, and Joann Larson.

The Arbitration Panel has assessed \$ 450 of the forum fees to RBC Dain Rauscher, Inc.

The Arbitration Panel has assessed \$ 450 of the forum fees to John G. Kinnard & Company, Inc.

The Arbitration Panel has assessed \$ 450 of the forum fees to Citigroup Global Markets, Inc.

The Arbitration Panel has assessed \$ 450 of the forum fees to Regan A. Rohl.

Fee Summary

Claimants, Dennis McCullough, Deb Altepeter, Darrell Voytilla, JoAnn Voytilla, Merlin Drangstviet, Marlys Drangstviet, Rolland Gagner, Nancy Gagner, Russell Culkins, Thelma Culkins, Alfred Weigel, Violet Weigel, and Joann Larson, are jointly and severally liable for:

Initial Filing Fee	= \$ 300
Forum Fees	= \$ 450
Total Fees	= \$ 750
Less payments	= \$ 1,521
Balance Refunded By NASD Dispute Resolution	= \$ 771

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

Member Fees	= \$ 5,200
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<u>Forum Fees</u>	= \$ 450
<u>Total Fees</u>	= \$ 5,650
<u>Less payments</u>	= \$ 3,200
Balance Due NASD Dispute Resolution	= \$ 2,450

Respondent, John G. Kinnard & Company, Inc., is liable for:

Member Fees	= \$ 5,200
<u>Forum Fees</u>	= \$ 450
<u>Total Fees</u>	= \$ 5,650
<u>Less payments</u>	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 5,650

Respondent, Citigroup Global Markets, Inc., is liable for:

Member Fees	= \$ 5,200
<u>Forum Fees</u>	= \$ 450
<u>Total Fees</u>	= \$ 5,650
<u>Less payments</u>	= \$ 5,200
Balance Due NASD Dispute Resolution	= \$ 450

Respondent, Regan A. Rohl, is liable for:

<u>Forum Fees</u>	= \$ 450
<u>Total Fees</u>	= \$ 450
<u>Less payments</u>	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 450

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

Kathy A. Tatone, J.D. - Public Arbitrator, Presiding Chair
Alois A. McAvoy, CPA - Public Arbitrator
Gerald J. Shaughnessy - Non-Public Arbitrator

Concurring Arbitrators:

Kathy A. Tatone, J.D.
Public Arbitrator, Presiding Chair

Signature Date

Alois A. McAvoy, CPA
Public Arbitrator

Signature Date

Gerald J. Shaughnessy
Non-Public Arbitrator

Signature Date

6/9/04
Date of Service (NASD use only)

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Alois A. McAvoy, CPA - Public Arbitrator
Gerald J. Shaughnessy - Non-Public Arbitrator

Concurring Arbitrators:

Kathy Tatone
Kathy A. Tatone, J.D.
Public Arbitrator, Presiding Chair

6/9/07
Signature Date

Alois A. McAvoy, CPA
Alois A. McAvoy, CPA
Public Arbitrator

Signature Date:

Gerald J. Shaughnessy
Gerald J. Shaughnessy
Non-Public Arbitrator

Signature Date:

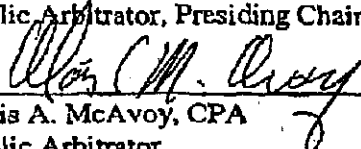
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Public Arbitrator

Signature Date


Signature Date

Gerald J. Shaughnessy
Non-Public Arbitrator

Signature Date


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Public Arbitrator, Presiding Chair

Signature Date

Alois A. McAvoy, CPA
Public Arbitrator

Signature Date


Gerald J. Shaughnessy
Non-Public Arbitrator

6/8/04
Signature Date

6/9/04
Date of Service (NASD use only)