

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant/ Counterclaim Respondent
RBC Dain Rauscher, Inc.

and

02-07879
Chicago, Illinois

Name of Respondents/ Counterclaim Claimants
Riccardo Nunziati and R.II Corporation

Nature of the Dispute: Member v. Customers

REPRESENTATION OF PARTIES

RBC Dain Rauscher, Inc., ("Claimant/Counterclaim Respondent") or ("Dain Rauscher") was represented by John Laravuso, Esq., of Flynn, Gaskins & Bennett, and L.L.P., located in Minneapolis, Minnesota.

Riccardo Nunziati ("Nunziati") and R. 11 Corporation ("R.II") or ("Respondents/ Counter-Claim Claimants") initially represented by O'Rourke McClosky & Moody, located in Chicago, Illinois, were pro se and did not appear at the hearing.

CASE INFORMATION

The Statement of Claim was filed on or about January 13, 2002. Claimant/ Counterclaim Respondent filed an executed Uniform Submission Agreement on December 20, 2002.

Respondents/ Counterclaim Claimants filed a Joint Statement of Answer and Counterclaim on March 24, 2003. Respondents/Counterclaim Claimants filed their executed Uniform Submission Agreements on March 18, 2002.

Claimant/Counterclaim Respondent filed a reply to the Counterclaim on July 23, 2003.

CASE SUMMARY

Claimant/ Counterclaim Respondent alleged the following causes of action: breach of contract; promissory estoppel; and unjust enrichment. Claimant/ Counterclaim Respondent's causes of action relate to Margin Agreements and investment accounts.

Respondents/Counterclaim Claimants denied the allegations set forth in the Statement of Claim. Respondents/Counterclaim Claimants alleged that Dain Rauscher breached its fiduciary duty to Nunziati and R.II.

RELIEF REQUESTED

Claimant/Counterclaim Respondent requested an award in the amount of \$30,582.00 in Compensatory damages and \$66,520.00 in punitive damages.

Respondents/ Counterclaim Claimants requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees. Respondents/ Counterclaim Claimants requested an award of \$75,000.00 in compensatory damages and \$150,000.00 in punitive damages.

In its reply to the Counterclaim, Claimant/Counterclaim Respondent requested that all of the Counterclaims be dismissed in their entirety and that Dain Rauscher be awarded costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

In a letter dated December 16, 2003 counsel for Respondents/ Counterclaim Claimant's notified NASD Dispute Resolution (NASD) that they would be withdrawing from this case. In addition, they notified NASD that their clients, Riccardo Nunziati and R.II Corporation, would not be attending the arbitration because of the costs associated with the defense of this case.

Upon review of the file and the representations made by/on behalf of the Claimant/Counterclaim Respondent, the undersigned arbitrators have determined, Riccardo Nunziati and R.II Corporation have 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 the Respondents/Counterclaim Claimants have 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. The Panel also granted the Claimant's/Counterclaim Respondent's request to conduct the hearing telephonically.

At the close of the hearing, the Panel granted the Claimant/Counterclaim Respondent's request to be permitted to submit post-hearing briefs by January 20, 2004..

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

AWARD

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

1. Respondents/ Counterclaim Claimants Riccardo Nunziati and R.II Corporation are jointly and severally liable and shall pay to Claimant/ Counterclaim Respondent Dain Rauscher, Inc. compensatory damages in the sum of \$71,703.43 including interest at a rate of 5.25% which shall begin to accrue on January 6, 2004 and shall cease to accrue when the award is paid in full;
2. Respondent/ Counterclaim Claimant Riccardo Nunziati is solely liable and shall pay to Claimant/ Counterclaim Respondent the sum of \$33,078.87 in compensatory damages including interest at a rate of 5.25% which shall begin to accrue on January 6, 2004 and shall cease to accrue when the award is paid in full;
3. Respondents/ Counterclaimants Claimants Riccardo Nunziati and R.II Corporation are jointly and severally liable and shall pay to Claimant/ Counterclaimant Respondent Dain Rauscher, Inc. attorneys fees in the sum of \$29,371.00. The authority for the attorneys fees is based upon Wisconsin state statutes and the evidence presented in the post-hearing submissions filed on behalf of Dain Rauscher;
4. Respondents/ Counterclaim Claimants Riccardo Nunziati and R.II Corporation are jointly and severally liable and shall pay to Claimant/ Counterclaim Respondent Dain Rauscher, Inc. costs in the amount of \$1,850.00;
5. Respondents/ Counterclaim Claimants Riccardo Nunziati and R.II Corporation's Counterclaim is dismissed in its entirety;
6. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto including but not limited to attorneys fees are denied with prejudice; and,
7. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this arbitration.

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	= \$ 1000.00
Counterclaim	= \$ 300.00

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 Dain Rauscher, Inc.

Member surcharge	\$	1,100.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	2,750.00
Total Member Fees	\$	4,600.00

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: October 6, 2003	1 session	
One [1] Hearing sessions x \$1,125.00		= \$ 1,125.00
Hearing Date(s): January 6, 2004	1 session	
Total Forum Fees		= \$2,250.00

The Arbitration Panel has assessed \$2,250.00 of the forum fees to Respondents jointly and severally.

Fee Summary

Claimant/ Counterclaim Respondent, Dain Rauscher, shall be and hereby is liable for:

Initial Filing Fee	= \$	1,000.00
Member Fees	= \$	4,600.00
Total Fees	= \$	<u>5,600.00</u>
<u>Less payments</u>	= \$	<u>6,350.00</u>
Balance refunded by NASD Dispute Resolution	= \$	<u>750.00</u>

Respondents/ Counterclaim Claimants R.11 Corporation and Riccardo Nunziati, shall be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$	2,250.00
<u>Less Payments</u>	= \$	00
Balance Due NASD Dispute Resolution	= \$	<u>2,250.00</u>

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Richard C. Moenning, Esq. - Public Arbitrator, Presiding Chair
Marilee Roberg, J.D. - Public Arbitrator
Herbert J. Paske- Non-Public Arbitrator

Concurring Arbitrators:

Richard C. Moenning, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Marilee Roberg, J.D.
Public Arbitrator

Signature Date

Herbert J. Paske
Non-Public Arbitrator

Signature Date

(For NASD Dispute Resolution office use only)

February 19, 2004

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All balances are due to NASD Dispute Resolution

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Public Arbitrator, Presiding Chair

Signature Date

Marilee Roberg, J.D.
Public Arbitrator

Signature Date


Herbert J. Paske
Non-Public Arbitrator

2-12-04

Signature Date

(For NASD Dispute Resolution office use only)

February 13, 2004

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Public Arbitrator, Presiding Chair

Signature Date


Marilee Roberg, J.D.
Public Arbitrator

2/11/04
Signature Date

Herbert J. Paske
Non-Public Arbitrator

Signature Date

(For NASD Dispute Resolution office use only)

February 13, 2004

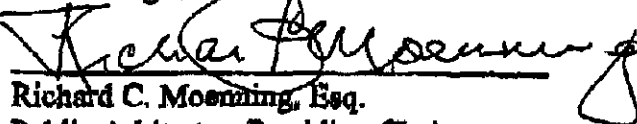
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Signature Date

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Public Arbitrator

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Non-Public Arbitrator

Signature Date

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February 13, 2004