

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Claimants

Patricia A. MacLeod and The Patricia A.
MacLeod Irrevocable Trusts

03-00074
Minneapolis, Minnesota

v.

Respondents

Multi-Financial Securities Corp., Cambridge
Investment Research, Inc., Paul Basballe,
AMG Financial Services, David A. Duhn,
and First Integrity Financial Services

Nature of Dispute: Customers v. Members, Associated Persons and Non-Members

REPRESENTATION OF PARTIES

Patricia A. MacLeod and The Patricia A. MacLeod Irrevocable Trusts ("**Claimants**") were represented by Terrence J. Fleming, Esq., Sandra S. Smalley, Esq., and Nicole M. Seimens, Esq. of Lindquist & Vennum, P.L.L.P, Minneapolis, Minnesota.

Respondent Cambridge Investment Research, Inc. ("**Cambridge**") was represented by Robert T. Stich of Stich, Esq., Angell, Kreidler & Dodge, P.A, Minneapolis, Minnesota.

Respondents David A. Duhn ("**Duhn**") and First Integrity Financial Services ("**First Integrity**") were represented by Steven H. Siltan, Esq., of Mansfield Tanick & Cohen, Minneapolis, Minnesota.

Respondents Paul Basballe ("**Basballe**") and AMG Financial Services ("**AMG**") were represented by Vincent D. Louwagie, Esq., of Anthony, Ostlund & Baer, Minneapolis, Minnesota.

Respondent Multi-Financial Securities Corp. ("**Multi-Financial**") was represented by Frank A. Taylor, Esq. and Julie H. Firestone, Esq. of Briggs and Morgan, Minneapolis, Minnesota.

CASE INFORMATION

The Statement of Claim was filed on or about December 21, 2002. Submission Agreements of Claimants were signed on or about December 9, 2002.

Amended Statement of Claim was filed on or about December 15, 2003.

A Statement of Answer was filed by Respondent Cambridge on or about March 17, 2003. Submission Agreement of Respondent Cambridge was signed on or about March 17, 2003.

A Joint Statement of Answer was filed by Respondents Duhn and First Integrity on or about March 20, 2003. Submission Agreements of Respondents Duhn and First Integrity were signed on or about April 21, 2003.

A Statement of Answer was filed by Respondent Multi-Financial on or about March 20, 2003.

A Statement of Answer was filed by Respondents Basballe and AMG on or about March 24, 2003. Submission Agreement of Respondent Basballe was signed on or about March 26, 2003.

Respondent Multi-Financial Securities Corp. filed a Motion to Dismiss and Adjourn Discovery on or about May 15, 2003. Respondent Cambridge Investment Research, Inc. filed a Joinder in Respondent Multi-Financial's Motion to Dismiss on or about May 16, 2003. Claimant filed a Memorandum in Opposition on or about June 4, 2003. Respondent Multi-Financial Securities Corp. filed a Reply in Support on or about July 11, 2003.

Claimants filed a Motion to Amend the Statement of Claim on or about October 6, 2003. Respondents did not object to the filing of the Amended Statement of Claim.

CASE SUMMARY

Claimants asserted causes of action including the following: breach of contract, fraud and negligent misrepresentation, breach of fiduciary duty and negligence, violation of Minnesota consumer fraud statutes, unsuitability, and agency liability. The causes of action related to Claimants' allegation that Respondents misrepresented the guaranteed costs and benefits of three irrevocable trusts that were funded by three separate life insurance policies. Claimants stated that the amount of the guaranteed death benefit and the amount of years of premium payments were misrepresented and as a result were unsuitable.

Respondent Cambridge denied the allegations set forth in the Statement of Claim and asserted various defenses.

Respondents Dunn and First Integrity denied the allegations set forth in the Statement of Claim and asserted various defenses.

Respondents Basballe and AMG denied the allegations set forth in the Statement of Claim and asserted various defenses.

Respondent Multi-Financial denied the allegations set forth in the Statement of Claim and asserted various affirmative defenses including the following: Claimants failed to state a claim upon which relief can be granted; any alleged damages of Claimants were the proximate result of the actions of persons over whom and for whom Multi-Financial had no responsibility, control or liability; and Claimants' claims are barred, in whole or in part, by the equitable doctrines of estoppel, waiver, laches, ratification and/or unclean hands.

RELIEF REQUESTED

Claimants requested an award of compensatory damages in the amount of \$775,000. In addition, Claimants requested \$10,000 in statutory damages, interest, costs, attorney's fees and any other relief that the Panel deemed just and equitable.

Respondent Basballe and AMG 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 Basballe's permanent registration record maintained by the Central Registration Depository ("CRD").

Respondents Dunn and First Integrity 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 Dunn's permanent registration record maintained by the Central Registration Depository ("CRD").

Respondent Cambridge requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Multi-Financial Securities Corp. and AMG Financial Services, did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but are required to submit to arbitration pursuant to the Code and having answered the claim is bound by the determination of the Panel on all issues submitted.

Respondent AMG Financial Services did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but having answered the claim is bound by the determination of the Panel on all issues submitted.

On or about July 22, 2003, the Panel denied Respondents' Motion to Dismiss.

The Panel granted Claimants' Motion to Amend the Statement of Claim on or about December 15, 2003.

Claimants, Patricia A. MacLeod and The Patricia A. MacLeod Irrevocable Trusts and Respondent, Nancy A. Hughes and Respondents Multi-Financial Securities Corp., Cambridge Investment Research, Inc., Paul Basballe, AMG Financial Services, David A. Duhn, and First Integrity Financial Services have entered in to a confidential settlement agreement.

The parties have resolved their disagreements and have stipulated the entry of this Award by the Chairperson of the arbitration panel.

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 orders as follows:

1. Claimants' claims, each and all, are hereby dismissed with prejudice in their entirety;
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondents Paul Basballe and David A. Duhn'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, Respondents Paul Basballe and David A. Duhn must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. 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; and
4. 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

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 375.00

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 persons at the time of the events giving rise to the dispute. In this

matter, the member firms are Multi-Financial Securities Corp. and Cambridge Investment Research, Inc.,

Member surcharge	= \$ 2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 4,000.00

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:

One (1) Pre-hearing session with Chair x \$450.00 = \$ 450.00

Pre-hearing conferences: 12/01/2003 1 session

Two (2) Pre-hearing sessions with Panel x \$ 1,200.00 = \$ 2,400.00

Pre-hearing conferences: 07/07/2003 1 session
07/21/2003 1 session

Total Forum Fees = \$ 2,850.00

Pursuant to the parties' settlement agreement all forum fees are to be divided as follows:

Respondent Multi-Financial is responsible for twelve and a half percent (12.5%) of forum fees, or \$407.14.

Respondents Basballe and AMG are jointly and severally responsible for twelve and a half percent (12.5%) of forum fees, or \$407.14.

Respondent Cambridge is responsible for twelve and a half percent (12.5%) of forum fees, or \$407.14.

Respondents Duhn and First Integrity are jointly and severally responsible for twelve and a half percent (12.5%) of forum fees, or \$407.14.

Claimants are jointly and severally responsible for fifty percent (50%) of forum fees. Pursuant to Rule 10332 (f) of NASD Code of Arbitration Procedure, Claimant's hearing session deposit of \$1,200 is retained by NASD.

Fee Summary

Claimants, Patricia A. MacLeod and The Patricia A. MacLeod Irrevocable Trusts are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
<u>Forum Fees</u>	= \$ 1,200.00
Total Fees	= \$ 1,575.00
<u>Less payments</u>	= \$ 1,575.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Multi-Financial Securities Corp., is liable for:

Member Fees	= \$ 7,000.00
<u>Forum Fees</u>	= \$ 407.14
Total Fees	= \$ 7,407.14
<u>Less payments</u>	= \$ 7,750.00
Balance Refunded By NASD Dispute Resolution	= \$ 342.86

Respondent, Cambridge Investment Research, Inc., is liable for:

Member Fees	= \$ 7,000.00
<u>Forum Fees</u>	= \$ 407.14
Total Fees	= \$ 7,407.14
<u>Less payments</u>	= \$ 7,750.00
Balance Refunded By NASD Dispute Resolution	= \$ 342.86

Respondents, Paul Basballe and AMG Financial Services are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 407.14
Total Fees	= \$ 407.14
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 407.14

Respondents, David A. Duhn, and First Integrity Financial Services are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 407.14
Total Fees	= \$ 407.14
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 407.14

NASD Dispute Resolution
Arbitration No. 03-00074
Award Page 7 of 7

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

ARBITRATION PANEL

Arthur Richard Tow, Esq. - Public Arbitrator, Presiding Chair

Arbitrator's Signature:

Arthur Richard Tow, Esq.
Public Arbitrator, Presiding Chair

Signature Date

2/30/04
Date of Service (NASD use only)

NASD Dispute Resolution
Arbitration No. 03-00074
Award Page 7 of 7

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

ARBITRATION PANEL

Arthur Richard Tow, Esq. - Public Arbitrator, Presiding Chair

Arbitrator's Signature:

Arthur Richard Tow

Arthur Richard Tow, Esq.
Public Arbitrator, Presiding Chair

3/18/04

Signature Date

2/20/04

Date of Service (NASD use only)

NASD Dispute Resolution, Inc.

RECEIVED
MAR 30 2004