

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimants

Joseph Dodds and Bobbie Jean Dodds

v.

03-04126

Denver, Colorado

Respondent / Third-Party Claimant

RBC Dain Rauscher, Inc.

v.

Third-Party Respondent

A.G. Edwards & Sons, Inc.

Nature of Dispute: Customers v. Member and Member v. Member

REPRESENTATION OF PARTIES

Joseph Dodds and Bobbie Jean Dodds ("Claimants") appeared pro se.

RBC Dain Rauscher, Inc. ("RBC") was represented by Michael Pysno, Sr., Esq., of RBC Dain Rauscher, Inc., Minneapolis, Minnesota.

A.G. Edwards & Sons, Inc. ("AGE") was represented by James C. Browning, Jr., Esq., of A.G. Edwards & Sons, Inc., St. Louis Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about June 6, 2003. Submission Agreement of Claimants was signed on or about May 29, 2003.

Statement of Answer and Third-Party Statement of Claim was filed by Respondent RBC Dain Rauscher, Inc. on or about July 8, 2003. Submission Agreement of Respondent RBC Dain Rauscher, Inc. was signed on or about July 2, 2003

Statement of Answer was filed by Third-Party Respondent A. G. Edwards & Sons, Inc. on or about September 15, 2003. Submission Agreement of Respondent A.G. Edwards & Sons, Inc. was signed on or about September 13, 2003.

CASE SUMMARY

Claimants asserted causes of action including the following: negligence and breach of fiduciary duty. The causes of action related to Claimants' allegation that RBC failed to timely notify them of the actions it took in regard to three IBM July 90 short put options. Claimants stated that because they had not been informed that RBC assigned the puts, that they bought back the IBM July 90 short puts to close their short position and avoid a deeper loss should the IBM July 90 puts be exercised.

Respondent RBC denied the allegations set forth in the Statement of Claim and asserted defenses including the following: it did not do anything inappropriate in connection with its handling of the transfer of Claimants' account or the assignment of the IBM puts; RBC followed NASD Rules in transferring Claimants' account; because of the account freeze resulting from the operation of NASD Rules, RBC could not prevent the assignment of the IBM puts to AGE nor the purchase of the IBM shares; and when RBC discovered this problem, it promptly notified AGE, which, as the firm holding the account, was a necessary participant in rectifying the situation.

RBC in its Third-Party Claim asserted that had AGE responded to RBC's claim letter dated July 10, 2003, Claimants would not have placed the order to buy 3 IBM puts on July 11, 2003. As such, RBC alleged that AGE should be required to indemnify RBC for any Award rendered against RBC for Claimants' alleged damages.

A.G. Edwards denied the allegations set forth in RBC'S Third-Party Claim and asserted defenses including the following: RBC failed to notify Claimants of the activity in their account prior to July 8, 2002, and any notice to Claimants of the error while they were still clients of RBC would have prevented the problem; and AGE had no notice of RBC's error in transferring the three short July 90 IBM puts and could not have notified Claimants of the error.

RELIEF REQUESTED

Claimants requested an award in the amount of \$6,527.04 in compensatory damages, plus \$500 in punitive damages, \$375 in arbitration costs, and interest.

Respondent RBC requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees. In RBC's Third-Party Statement of Claim it requested indemnification from AGE for any Award rendered on the initial claim.

AGE requested that the claims asserted against it in the Third-Party Statement of Claim be denied in their entirety and it be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

On or about November 5, 2004, all parties requested that this case be decided on the pleadings in lieu of an in-person hearing in this matter.

On January 29, 2004, Chairman Skewes ordered that the parties would have until February 6, 2004, to submit additional briefs and until February 13, 2004 for replies prior to ruling on the pleadings.

AWARD

After considering the pleadings and the additional briefs presented to the Chair, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent, RBC Dain Rauscher, Inc., is liable for and shall pay to Claimants, Joseph Dodds and Bobbie Jean Dodds, the sum of One Thousand One Hundred Eighty Seven Dollars and Four Cents (\$1,187.04) as compensatory damages;
2. Respondent, RBC Dain Rauscher, Inc., is liable for and shall pay to Claimants, Joseph Dodds and Bobbie Jean Dodds, interest at the rate of 8% on the above-stated sum from and including June 6, 2003, through and including the date this Award is paid in full;
3. Respondent, RBC Dain Rauscher, Inc., is liable for and shall pay to Claimants, Joseph Dodds and Bobbie Jean Dodds, the sum of Three Hundred Twenty Five Dollars and No Cents (\$325.00) as arbitration costs;
4. Respondent RBC Dain Rauscher's Third-Party Claim is denied and dismissed with prejudice in its entirety; and
5. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, including punitive damages, are denied with prejudice.

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 = \$ 75

Third-Party claim filing fee = \$ 500

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 RBC Dain Rauscher, Inc. and A.G. Edwards & Sons, Inc.

Member surcharge = \$ 325

Forum Fees

NASD shall retain the hearing session deposit for any case that is decided on the pleadings.

The Arbitrator has assessed \$ 250 in forum fees jointly and severally to Joseph Dodds and Bobbie Jean Dodds.

The Arbitrator has assessed \$ 250 in forum fees to RBC Dain Rauscher, Inc.

Fee Summary

Claimants, Joseph Dodds and Bobbie Jean Dodds are jointly and severally liable for:

Initial Filing Fee	= \$ 75
<u>Forum Fees</u>	= \$ 250
Total Fees	= \$ 325
<u>Less payments</u>	= \$ 325
Balance Due NASD Dispute Resolution	= \$ 0

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

<u>Third-Party Claim Filing Fee</u>	= \$ 500
Member Fees	= \$ 325
<u>Forum Fees</u>	= \$ 250
Total Fees	= \$ 1,075
<u>Less payments</u>	= \$ 1,825
Balance Refunded By NASD Dispute Resolution	= \$ 750

Respondent A.G. Edwards & Sons, Inc. is liable for:

Member Fees	= \$ 325
Total Fees	= \$ 325
Less payments	= \$ 1,400
Balance Refunded By NASD Dispute Resolution	= \$ 1,075

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

ARBITRATOR

William F. Skewes, Esq. - Public Arbitrator, Presiding Chair

Arbitrator's Signature:

William F. Skewes, Esq.
Public Arbitrator, Presiding Chair

Signature Date

4/22/04
Date of Service (NASD use only)

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Respondent A.G. Edwards & Sons, Inc. is liable for:

Member Fees	= \$ 325
Total Fees	= \$ 325
Less payments	= \$ 1,400
Balance Refunded By NASD Dispute Resolution	= \$ 1,075

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

ARBITRATOR

William F. Skewes, Esq. - Public Arbitrator, Presiding Chair

Arbitrator's Signature:


William F. Skewes, Esq.
Public Arbitrator, Presiding Chair

4/27/04
Signature Date

4/28/04
Date of Service (NASD use only)