

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Lawrence Praml

v.

03-09127

Minneapolis, Minnesota

Respondent

Linsco Private Ledger Corporation

Nature of Dispute: Customer v. Member

REPRESENTATION OF PARTIES

Lawrence Praml ("**Claimant**") was represented by Harvey H. Eckart, Esq., and Amy M. Leonetti, Esq., of Eckart & Leonetti, P.A., St. Paul, Minnesota.

Linsco Private Ledger Corporation ("**Respondent**") was represented by Amanda C. Hawley, Esq., of Linsco Private Ledger Corporation, Boston, Massachusetts. At the arbitration hearing, Respondent was represented by Robert B. Harris, Esq. of Linsco Private Ledger Corporation, Boston, Massachusetts.

CASE INFORMATION

The Statement of Claim was filed on or about December 22, 2003. The Submission Agreement of Claimant was signed on or about December 18, 2003.

The Statement of Answer was filed by Respondent, Linsco Private Ledger Corporation, on or about February 24, 2004. The Submission Agreement of Respondent, Linsco Private Ledger Corporation, was signed on or about January 12, 2004.

CASE SUMMARY

Claimant asserted causes of action including the following: respondeat superior, unjust enrichment, breach of contract, common law fraud, violation of the Minnesota Consumer Fraud Act and violation of Minnesota blue sky law. The causes of action related to Claimant's allegation that after his retirement, Respondent recommended that he purchase variable annuities, including American Skandia Variable Annuity and American Legacy. Claimant alleged that these annuities were heavily invested in growth mutual funds and were unsuitable given his age, investment experience and his financial goal of retirement. Claimant alleged that these investments caused a significant decline in the value of his portfolio.

Respondent denied the allegations set forth in the Statement of Claim and asserted defenses including the following: the Statement of Claim failed to state a claim upon which relief can be granted; Claimant's claims are barred by the doctrines of laches, waiver, estoppel and ratification; at all times, Respondent acted in good faith and at no time acted either intentionally, negligently, or recklessly with respect to any matter alleged in the Statement of Claim; any loss incurred by Claimant, was caused by his own negligence or the negligence of third parties; and Claimant's losses, if any, have resulted solely from economic and market forces, and not from any act or omission of Respondent.

RELIEF REQUESTED

Claimant requested an award in the amount of \$107,200 in compensatory damages, plus attorney's fees, costs, interest, punitive damages, and any other relief the panel deemed just and equitable.

Respondent 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

At the arbitration hearing, Claimant orally requested to amend his Statement of Claim to seek punitive damages. Respondent did not challenge Claimant's request for an amendment, but did argue that the punitive damages were not warranted. After deliberation, the panel granted Claimant's request to amend the Statement of Claim to include punitive damages.

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 evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent, Linsco Private Ledger Corporation, is liable for and shall pay to Claimant, Lawrence Praml, the sum of Ninety One Thousand Five Hundred Eighty One Dollars and No Cents (\$91,581.00) in compensatory damages;
2. Respondent, Linsco Private Ledger Corporation, is liable for and shall pay to Claimant, Lawrence Praml, interest on the above-stated sum at the Minnesota statutory rate from and

including December 22, 2003 through and including the date this Award is confirmed as a judgment pursuant to Minn. Stat. § 549.09;

3. Respondent, Linsco Private Ledger Corporation, is liable for and shall pay to Claimant, Lawrence Praml, the sum of Two Hundred Forty Seven Thousand Six Hundred Eighty Dollars and No Cents (\$247,680.00) in punitive damages pursuant to Minn Stat. § 549.191;
4. Respondent, Linsco Private Ledger Corporation, is liable for and shall pay to Claimant, Lawrence Praml, the sum of Thirty Thousand Five Hundred Twenty Seven Dollars and No Cents (\$30,527.00) in attorneys' fees pursuant to Minn Stat. § 80A.03 and § 80A.23;
5. Respondent, Linsco Private Ledger Corporation, is liable for and shall pay to Claimant, Lawrence Praml, the sum of Two Thousand One Hundred Fifty Dollars and Three Cents (\$2,150.03) in arbitration costs pursuant to Minn Stat. § 80A.03 and § 80A.23; and
6. To the extent not specifically awarded, all other claims and requests for relief by any party hereto, are denied with prejudice; and
7. Other than the Forum Fees noted below, or otherwise provided for above, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding.

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
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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 Linsco Private Ledger Corporation.

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 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 \$ 1,125 = \$ 1,125

Pre-hearing conference: 1 session

Four (4) Hearing sessions with Panel x \$ 1,125 = \$ 4,500

Hearing Dates: 02/08/2005 2 sessions
02/09/2005 2 sessions

Total Forum Fees = \$ 5,625

The Arbitration Panel has assessed \$ 5,625 of the forum fees jointly and severally to Linsco Private Ledger Corporation.

FEE SUMMARY

Claimant, Lawrence Praml, is liable for:

<u>Initial Filing Fee</u>	= \$ 300
<u>Total Fees</u>	= \$ 300
<u>Less payments</u>	= \$ 1,425
Balance Refunded By NASD Dispute Resolution	= \$ 1,125

Respondent, Linsco Private Ledger Corporation, is liable for:

<u>Member Fees</u>	= \$ 5,200
<u>Initial Filing Fee</u>	= \$ 1,125
<u>Forum Fees</u>	= \$ 5,625
<u>Total Fees</u>	= \$ 11,950
<u>Less payments</u>	= \$ 5,200
Balance Due NASD Dispute Resolution	= \$ 6,750

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

Leo G. Stern, Esq. - Public Arbitrator, Presiding Chair
Thomas J. Gmeinder, Esq. - Public Arbitrator
Sally J. Phillips- Non-Public Arbitrator

Concurring Arbitrators:

Leo G. Stern, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Thomas J. Gmeinder, Esq.
Public Arbitrator

Signature Date

Sally J. Phillips
Non-Public Arbitrator

Signature Date

2/17/05
Date of Service (NASD use only)

NASD Dispute Resolution
Arbitration No. 03-09127
Award Page 5 of 5

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Sally J. Phillips- Non-Public Arbitrator

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Public Arbitrator, Presiding Chair

2/16/05
Signature Date

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Public Arbitrator

Signature Date

Sally J. Phillips
Non-Public Arbitrator

Signature Date

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2.17.05
Signature Date

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