

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Cindy L. Stevenson and Dorothy G. Eaton,
Conservators of the Estate of Courtney Lynn Eaton;
Cindy L. Stevenson and Dorothy G. Eaton, Conservators
of the Estate of Curtis Matthew Eaton; Ben Eaton and
Dorothy G. Eaton as Joint Tenants and Gary T. Eaton
and Dorothy G. Eaton as Joint Tenants

and

Case Number: 04-01386
Hearing Site: Omaha, Nebraska

Names of Respondents

Robert W. Baird and Co. Incorporated,
Stifel, Nicolaus and Company, Incorporated,
and Robert B. Rapp

NATURE OF DISPUTE

Customers v. Members and Associated Person

REPRESENTATION OF PARTIES

Cindy L. Stevenson and Dorothy G. Eaton, Conservators of the Estate of Courtney Lynn Eaton; Cindy L. Stevenson and Dorothy G. Eaton, Conservators of the Estate of Curtis Matthew Eaton; Ben Eaton and Dorothy G. Eaton as Joint Tenants and Gary T. Eaton and Dorothy G. Eaton as Joint Tenants, hereinafter referred to as "Claimants", were represented by Dorothy G. Eaton.

Robert W. Baird and Co. Incorporated ("Baird") was represented by Moira K. Moran, Esq., Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin.

Stifel, Nicolaus and Company, Incorporated ("Stifel") and Robert Rapp ("Rapp") were represented by David M. Minnick, Esq., Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about March 1, 2004. The Submission Agreement of the Estate of Courtney Lynn Eaton was signed by Cindy L. Stevenson and Dorothy G.

Eaton, Conservators on or about October 12, 2003 and February 15, 2004. The Submission Agreement of the Estate of Curtis Matthew Eaton was signed by Dorothy G. Eaton and Cindy L. Stevenson, Conservators, on or about October 12, 2003 and February 15, 2004. The Submission Agreements of Ben Eaton and Dorothy G. Eaton were signed on or about February 15, 2004. *The Submission Agreements of Gary T. Eaton and Dorothy G. Eaton* were signed on or about October 11, 2003 and February 15, 2004.

The Statement of Answer was filed by Baird on or about December 15, 2004. The Submission Agreement of Baird was signed on or about October 4, 2005.

The Statement of Answer was filed jointly by Stifel and Rapp on or about September 28, 2004. The Submission Agreement of Stifel was signed on or about October 1, 2004. The Submission Agreement of Rapp was signed on or about December 14, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; misrepresentations; omission of facts; manipulations; unsuitability; and unauthorized trading. The causes of action are related to the recommendation and purchases of various unspecified common stocks and mutual funds. Claimants alleged that Respondents recommended unsuitable securities which led to losses in their accounts.

Unless specifically admitted in its Answer, Baird denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the losses of which Claimants complain were the result of their own investment decisions and were not caused by or related to any alleged misrepresentation or non-disclosure of risk; Claimants are estopped from asserting their alleged claims because they never objected or complained that the investment objectives or directions were not properly followed while at Baird; and Claimants' Statement of Claim is barred because Baird exercised due care and acted in good faith with respect to Claimants and Claimants' accounts.

Unless specifically admitted in their Answer, Stifel and Rapp denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants ratified the alleged conduct about which they complained and, therefore, their claims are barred; Neither Stifel nor Rapp acted in a fiduciary capacity, and any duty regarding investments for the conservatorships rests with the conservators under Nebraska statutory law; and the Claimants' claims are barred, in full or in part, by applicable statutes of limitation.

RELIEF REQUESTED

Claimants requested an award in the amount of \$30,954.96, punitive damages, interest, costs and attorneys' fees, and any further relief the panel deemed just and proper.

Respondent Baird requested that the claims asserted against it be denied in their entirety and any further relief the panel deemed just and proper.

Respondents Stifel and Rapp requested that the claims asserted against them be denied in their entirety and any further relief the panel deem just and proper.

OTHER ISSUES CONSIDERED & DECIDED

On or about June 28, 2005, Claimants dismissed Baird from this proceeding with prejudice.

Claimants moved for Stifel and Rapp to produce more documents. The Arbitrator overruled the motion before the hearing commenced.

At the conclusion of Claimants' case, Stifel and Rapp orally moved to dismiss case. The Arbitrator overruled the motion.

At the hearing, Respondent Rapp requested expungement as to all claims asserted against him.

The parties have agreed to receive conformed copies of the award while the original remains on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

- 1) This is a case in which the associated person made suggestions as to investments, but the final decision regarding the specific investments were made by the Claimants or Claimants' agent;
- 2) There were no unauthorized trades in the accounts in question and the investments made in the Court-Supervised Conservatorship were within the Prudent Investor Rule. The legal cases submitted hold that the broker is not responsible for recommendations as to investments when the final determination as to the investment to be made is with the investor;
- 3) Therefore, Claimants' claims, each and all, against Respondents, Stifel, Nicolaus and Company, Incorporated, and Robert B. Rapp, are dismissed in their entirety with prejudice;
- 4) The arbitrator recommends the expungement of all reference to the above

captioned arbitration from Respondent Robert B. Rapp's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Robert B. Rapp must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

- 5) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 6) Any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$175.00
(waived by the Director of Arbitration)	

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firms are Robert W. Baird and Co. Incorporated and Stifel, Nicolaus & Company, Incorporated.

Member surcharge	= \$ 875.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$1,000.00

Forum Fees and Assessments

The Arbitrator assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator, including a pre-hearing conference with the arbitrator, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator x \$450.00	= \$900.00
Pre-hearing conferences: March 15, 2005	1 session
June 22, 2005	1 session

Five (5) Hearing sessions x \$450.00		= \$2,250.00
Hearing Dates:	July 12, 2005	2 sessions
	July 13, 2005	2 sessions
	July 14, 2005	1 session
Total Forum Fees		= \$3,150.00

The Arbitrator has assessed \$1,575.00 of the forum fees jointly and severally to Claimants.

The Arbitrator has assessed \$1,575.00 of the forum fees jointly and severally to Stifel, Nicolaus and Company, Incorporated and Robert Rapp.

Fee Summary

Cindy L. Stevenson and Dorothy G. Eaton, Conservators of the Estate of Courtney Lynn Eaton; Cindy L. Stevenson and Dorothy G. Eaton, Conservators of the Estate of Curtis Matthew Eaton; Ben Eaton and Dorothy G. Eaton as Joint Tenants and Gary T. Eaton and Dorothy G. Eaton as Joint Tenants are jointly and severally liable for:

Forum Fees	= \$ 1,575.00
Total Fees	= \$ 1,575.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,575.00

Respondent, Robert W. Baird and Co. Incorporated, is liable for:

Member Fees	= \$ 2,625.00
Total Fees	= \$ 2,625.00
Less payments	= \$ 2,625.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Stifel, Nicolaus and Company, Incorporated, is liable for:

Member Fees	= \$ 2,625.00
Total Fees	= \$ 2,625.00
Less payments	= \$ 2,625.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, Stifel, Nicolaus and Company, Incorporated and Robert Rapp, are jointly and severally liable for:

Forum Fees	= \$ 1,575.00
Total Fees	= \$ 1,575.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,575.00

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

ARBITRATOR

Robert Berkshire, Esq. - Public, Presiding Chair

Arbitrator:

/s/ Robert Berkshire, Esq.
Robert Berkshire, Esq.
Public Arbitrator, Presiding Chair

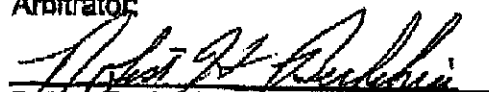
07/28/05
Signature Date

07/28/05
Date of Service (For NASD office use only)

ARBITRATOR

Robert Berkshire, Esq. - Public, Presiding Chair

Arbitrator:


Robert Berkshire, Esq.
Public Arbitrator, Presiding Chair

7/25/01
Signature Date

Date of Service (For NASD office use only)