

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

Pamela Madrid

vs.

Case Number: 04-06254

Hearing Site: Oklahoma City, Oklahoma

Names of Respondents

RBC Dain Rauscher, Inc. and
Burton S. Lancaster, Sr.

NATURE OF THE DISPUTE

Customer vs. Member and Associated Person

REPRESENTATION OF PARTIES

Pamela Madrid ("Claimant") was represented by Brian Guillorn, Esq., Napoli, Katser & Bern, LLP, New York, New York. Claimant was later represented by Michael Pollard, Esq., Boone, Smith, Davis, Hurst & Dickman, Tulsa, Oklahoma.

RBC Dain Rauscher, Inc. ("RBC") and Burton S. Lancaster, Sr. ("Lancaster"), hereinafter collectively referred to as "Respondents," were represented by Michael M. Gless, Esq., Keesal, Young & Logan, Long Beach, California.

CASE INFORMATION

The Statement of Claim was filed on or about September 1, 2004. The undated Submission Agreement of Claimant Madrid was signed and submitted.

The Statement of Answer was filed jointly by Respondents, RBC and Lancaster, on or about October 22, 2004. The Submission Agreement of Respondent RBC was signed on or about September 20, 2004. The undated Submission Agreement of Respondent Lancaster was signed and submitted.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; suitability; misrepresentations; unauthorized trading; and failure to supervise. The causes of action related to the recommendation and purchase of Manulife Variable Annuity, Oklahoma

State Series A Revenue Bond, and an Oklahoma State Series B Revenue Bond. Claimant asserted that Lancaster caused the municipal bonds to be sold and the proceeds invested in aggressive funds, and the variable annuity to be invested in risky funds, all of which were unsuitable recommendations and did not meet her investment goals and objectives.

Unless specifically admitted in their Answer, Respondents, RBC and Lancaster, denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: no complaint was made by Claimant about her account, any trades therein or her chosen investment objective, until the filing of this claim in August 2004, four years after her last investment with RBC; Claimant authorized all of the trades in her account, therefore, is barred from recovery by the doctrine of waiver; Claimant ratified all trades in her account; Claimant had knowledge of each and every transaction which took place in her account and should, therefore, be estopped from making the claims stated in her Statement of Claim, and from recovering anything from Respondents; Claimant failed to mitigate her damages by failing to enter an immediate order to sell allegedly unsuitable purchases; Claimant knowingly, willingly, and voluntarily assumed the risk of investing and stayed in the market; any and all losses which were incurred were as a result of market price fluctuations beyond the control and responsibility of Respondents; the law imposes a duty of reasonable diligence on every investor; all of the investments made in Claimant's accounts were suitable in that they were consistent with her investment objectives and her financial circumstances; Claimant is barred from recovery herein by the California statute of limitations for negligence, fraud, and breach of fiduciary duty, and by the Federal Securities laws; and Claimant's request for attorney's fees is not recoverable against these Respondents as a matter of law.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$340,000.00
Exemplary/Punitive Damages	\$650,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents, RBC and Lancaster, requested that the claims asserted against them be denied in their entirety, that they be awarded their costs and attorneys' fees, for an expungement of this claim from Respondent Lancaster's CRD record, and for such other and further relief as may be proper.

OTHER ISSUES CONSIDERED & DECIDED

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.

AWARD

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

- 1.) Respondents, RBC Dain Rauscher, Inc. and Burton S. Lancaster, Sr., are jointly and severally liable for and shall pay to Claimant, Pamela Madrid, the sum of \$100,957.00 in compensatory damages;
- 2.) The request for expungement of Respondent Burton S. Lancaster, Sr. is denied;
- 3.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 4.) Any relief not specifically enumerated, including punitive damages and attorneys' 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 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 person at the time of the events giving rise to the dispute. In this matter, the member firm is RBC Dain Rauscher, Inc.

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

Adjournment Fees

Adjournments granted during these proceedings:

September 13-15, 2005, adjournment requested by both parties = \$ 1,200.00
(Fee waived by NASD for Mediation)

May 23-25, 2006, adjournment requested by Claimant = \$ 1,200.00
(Fee waived by Panel)

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

May 23-25, 2006, adjournment requested by Claimant = \$ 300.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing session conducted or each decision rendered on a discovery-related motion on the papers. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,200.00 = \$ 1,200.00
Pre-hearing conference: January 12, 2005 1 session

Four (4) Hearing sessions x \$1,200.00 = \$ 4,800.00
Hearing Dates: October 23, 2006 2 sessions
October 24, 2006 2 sessions

Total Forum Fees = \$ 6,000.00

The Panel has assessed \$6,000.00 of the forum fees jointly and severally to Respondents, RBC Dain Rauscher, Inc. and Burton S. Lancaster, Sr.

FEE SUMMARY

Claimant, Pamela Madrid, is liable for:

Initial Filing Fee	= \$ 375.00
Three-Day Cancellation Fee	= \$ 300.00
Total Fees	= \$ 675.00
<u>Less payments</u>	<u>= \$ 1,575.00</u>
Refund Due Claimant	= \$ 900.00

Respondent RBC Dain Rauscher, Inc. is liable for:

Member Fees	= \$ 7,000.00
Total Fees	= \$ 7,000.00
Less payments	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, RBC Dain Rauscher, Inc. and Burton S. Lancaster, Sr., are jointly and severally liable for:

Forum Fees	= \$ 6,000.00
Total Fees	= \$ 6,000.00
Less payments	= \$ 500.00
Balance Due NASD Dispute Resolution	= \$ 5,500.00

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

ARBITRATION PANEL

Peter B. Bradford, JD - Public Arbitrator, Presiding Chair
Irwin S. Sugerman - Public Arbitrator
William Richard Smith - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Peter B. Bradford, JD
Peter B. Bradford, JD
Public Arbitrator, Presiding Chair

11/10/06
Signature Date

/s/ Irwin S. Sugerman
Irwin S. Sugerman
Public Arbitrator

11/10/06
Signature Date

/s/ William Richard Smith
William Richard Smith
Non-Public Arbitrator

11/13/06
Signature Date

11/10/06
Date of Service (For NASD office use only)

NASD Dispute Resolution
 Arbitration No. 04-8254
 Award Page 5 of 5

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

Member Fees	= \$ 7,000.00
Total Fees	= \$ 7,000.00
Less payments	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, RBC Dain Rauscher, Inc. and Burton S. Lancaster, Sr., are jointly and severally liable for:

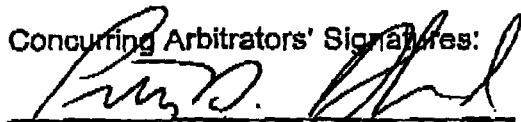
Forum Fees	= \$ 6,000.00
Total Fees	= \$ 6,000.00
Less payments	= \$ 500.00
Balance Due NASD Dispute Resolution	= \$ 5,500.00

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

ARBITRATION PANEL

Peter B. Bradford, JD - Public Arbitrator, Presiding Chair
 Irwin S. Sugerman - Public Arbitrator
 William Richard Smith - Non-Public Arbitrator

Concurring Arbitrators' Signatures:



Peter B. Bradford, JD
 Public Arbitrator, Presiding Chair

November 10, 2006
 Signature Date

 Irwin S. Sugerman
 Public Arbitrator

 Signature Date

 William Richard Smith
 Non-Public Arbitrator

 Signature Date

 Date of Service (For NASD office use only)

NASD Dispute Resolution
Arbitration No. 04-6254
Award Page 5 of 5

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

Member Fees	= \$ 7,000.00
Total Fees	= \$ 7,000.00
Less payments	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, RBC Dain Rauscher, Inc. and Burton S. Lancaster, Sr., are jointly and severally liable for:

Forum Fees	= \$ 6,000.00
Total Fees	= \$ 6,000.00
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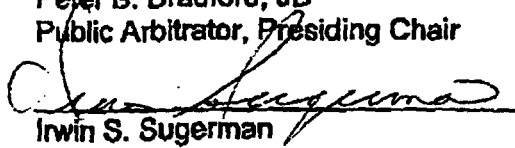
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Irwin S. Sugerman - Public Arbitrator
William Richard Smith - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Peter B. Bradford, JD
Public Arbitrator, Presiding Chair

Signature Date


Irwin S. Sugerman
Public Arbitrator

11-10-06
Signature Date

William Richard Smith
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

Refund Due to Claimant = \$ 900.00

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

<u>Member Fees</u>	= \$ 7,000.00
<u>Total Fees</u>	= \$ 7,000.00
<u>Less payments</u>	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, RBC Dain Rauscher, Inc. and Burton S. Lancaster, Sr., are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 6,000.00
<u>Total Fees</u>	= \$ 6,000.00
<u>Less payments</u>	= \$ 500.00
Balance Due NASD Dispute Resolution	= \$ 5,500.00

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Peter B. Bradford, JD - Public Arbitrator, Presiding Chair
Irwin S. Sugerman - Public Arbitrator
William Richard Smith - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Peter B. Bradford, JD
Public Arbitrator, Presiding Chair

Signature Date

Irwin S. Sugerman
Public Arbitrator

Signature Date

William Richard Smith
William Richard Smith
Non-Public Arbitrator

Nov 13, 2006
Signature Date

Date of Service (For NASD office use only)