

**AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Claimant

David Cope

v.

05-00575
Denver, Colorado

Respondents

Multi-Financial Securities Corporation,
Geneos Wealth Management, Inc.,
Dorothy Mechtenberg, and
Mechtenberg Financial Group, Inc.

Nature of Dispute: Customer v. Members, Associated Person and Non-Member

REPRESENTATION OF PARTIES

David Cope ("Claimant") was represented by Andrew J. Petrie, Esq., and Matthew A. Morr, Esq., of Petrie & Schwartz, LLP, Denver, Colorado.

Multi-Financial Securities Corporation ("Multi-Financial") was represented by William D. Nelson, Esq., of Rothgerber Johnson & Lyons, LLP, Denver, Colorado.

Geneos Wealth Management, Inc. ("Geneos"), Dorothy Mechtenberg ("Mechtenberg"), Mechtenberg Financial Group, Inc. ("Mechtenberg Financial") were represented by Thomas Rittenberg, Esq., of Lewis Brisbois Bisgaard & Smith, LLP, Los Angeles, California.

CASE INFORMATION

The Statement of Claim was filed on or about February 1, 2005. The Submission Agreement of Claimant was signed on or about December 21, 2004.

A Statement of Answer was filed Respondent, Multi-Financial Securities Corporation, on or about May 4, 2005. The Submission Agreement of Respondent, Multi-Financial Securities Corporation, was signed on or about June 30, 2005.

A Statement of Answer was filed jointly by Respondents, Geneos Wealth Management, Inc., and Dorothy Mechtenberg, on or about May 4, 2005. The Submission Agreement of Respondent, Geneos Wealth Management, Inc., was signed on or about March 25, 2005. The Submission Agreement of Respondent, Dorothy Mechtenberg, was signed on or about March 28, 2005. The Submission Agreement of Respondent, Mechtenberg Financial Group, Inc., was signed on or about July 15, 2005.

An Amended Answer was filed jointly by Respondents, Geneos Wealth Management, Inc., Dorothy Mechtenberg and Mechtenberg Financial Group, on or about May 13, 2005.

CASE SUMMARY

Claimant asserted causes of action including the following: misrepresentations, violation of the Know Your Customer Rule, suitability, breach of fair dealings with customers, failure to supervise, breach of fiduciary duty, and negligence. Claimant alleged that Mechtenberg misrepresented his risk tolerance, annual income and net worth in order to create a paper trail that would justify investing his disability retirement account balances in high-risk equity portfolios. Claimant alleged that Mechtenberg invested his assets from a retirement account into a Conseco Advantage annuity, which consisted of several high-risk stock funds, which, according to Claimant, was in contrast to his stated long-term financial objective of preservation of capital and an unsuitable investment. Claimant stated that because Multi-Financial, Geneos and Mechtenberg Financial had the duty to supervise Mechtenberg, they are directly liable for their failures to supervise her, and jointly and severally liable for Mechtenberg's actions and omissions.

Respondent, Multi-Financial Securities Corporation, denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: Claimant failed to plead fraud with specificity; Claimant's claims are barred, or in the alternative limited, under the doctrines of comparative fault and comparative negligence; Claimant ratified the transactions at issue in the Statement of Claim; Claimant had actual knowledge of all relevant facts in investment risks and assumed any risks associated with the variable annuity investment; Claimant had constructive knowledge of all relevant facts and investment risks and assumed any risks associated with the variable annuity transaction; Multi-Financial, at all times acted in good faith, exercised reasonable care in its dealing with Claimant and had reasonable grounds for believing Claimant's variable annuity transaction was suitable based upon Claimant's stated financial information and objectives; Claimant's claims are barred by the doctrines of estoppel and waiver; there is no private right of action for violation of self-regulatory organization; and Claimant's claims are barred by the applicable statutes of limitation.

Respondents, Geneos Wealth Management, Inc., Dorothy Mechtenberg and Mechtenberg Financial Group, denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: the claim and each purported cause of action contained therein, failed to allege facts sufficient to state a cause of action against Respondents; Claimant is estopped from asserting the allegations contained in the Statement of Claim, and in each and every alleged cause of action contained therein, by reason of the acts, omissions, representations and course of conduct of Claimant and/or his agents, upon which Respondents relied to their prejudice and detriment; Claimant and/or his agents have expressly and impliedly waived all claims arising from the allegation made in the Statement of Claim; the injuries, damages, and losses referred to in the Claim were proximately caused and contributed to by negligent misrepresentations, fraud, suppression, or

other wrongful conduct on the part of Claimant and/or his agents herein; Claimant has lost any right to relief against Respondents through laches, which has resulted in substantial prejudice to Respondents; any damages, injuries or losses sustained by Claimant were caused by risks of which he was well aware of and understood any voluntarily assumed upon himself; Claimant and/or his agents have at all times ratified the acts and/or omissions of Respondents which were alleged in the Claim to have proximately caused injury to Claimant; Claimant and/or his agents have released Respondents from any liability and from all rights to recover as alleged in the Claim; and at all times alleged herein, Respondents acted in good faith and non-inducement.

RELIEF REQUESTED

Claimant requested an award of \$311,932.90 in compensatory damages, plus lost opportunity damages, reimbursement of commissions and fees paid to Mechtenberg, costs, attorneys' fees, punitive damages, and such other relief the panel deemed appropriate.

Respondent, Multi-Financial Securities Corporation, requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

Respondents, Geneos Wealth Management, Inc., Dorothy Mechtenberg and Mechtenberg Financial Group, requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

On or about August 11, 2005, Claimant notified NASD Dispute Resolution that all claims asserted against Respondent, Geneos Wealth Management, Inc., were dismissed due to a confidential settlement reached by the parties. As such, the panel did not adjudicate any claims asserted against Respondent, Geneos Wealth Management.

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. Respondents, Multi Financial Securities Corporation, Dorothy Mechtenberg and Mechtenberg Financial Group, Inc., are jointly and severally liable for and shall pay to

Claimant, David Cope, One Hundred Twenty Five Thousand Dollars and No Cents (\$125,000.00), in compensatory damages;

2. Respondents, Multi Financial Securities Corporation, Dorothy Mechtenberg and Mechtenberg Financial Group, Inc., are jointly and severally liable for and shall pay to Claimant, David Cope, interest on the above stated sum in the amount of Eight Percent (8%) per annum from and including thirty days after the date of this Award through and including the date this Award is paid in full;
3. 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; 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

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 Multi-Financial Securities Corporation and Geneos Wealth Management.

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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Decision on discovery-related motion on the papers by the chairperson x \$200.00

Claimant submitted one (1) discovery-related motion (Motion to Quash) = \$ 200

One (1) Pre-hearing session with Panel x \$ 1,125 = \$ 1,125

Pre-hearing conference: June 30, 2005 1 session

Six (6) Hearing sessions with Panel x \$ 1,125 = \$ 6,750

Hearing Dates: December 5, 2005 2 sessions
December 6, 2005 2 sessions
December 7, 2005 2 sessions

Total Forum Fees = \$ 8,075

The Arbitration Panel has assessed \$ 8,075 of the forum fees jointly and severally to Multi-Financial Securities Corporation, Dorothy Mechtenberg and Mechtenberg Financial Group, Inc.

FEE SUMMARY

Claimant, David Cope, is liable for:

<u>Initial Filing Fee</u>	= \$ 300
<u>Total Fees</u>	= \$ 300
<u>Less payments</u>	= \$ 300
Balance Due NASD Dispute Resolution	= \$ 0

Respondent, Multi-Financial Securities Corporation, is liable for:

<u>Member Fees</u>	= \$ 5,200
<u>Total Fees</u>	= \$ 5,200
<u>Less payments</u>	= \$ 5,200
Balance Due NASD Dispute Resolution	= \$ 0

Respondent, Geneos Wealth Management, Inc, is liable for:

<u>Member Fees</u>	= \$ 5,200
<u>Total Fees</u>	= \$ 5,200
<u>Less payments</u>	= \$ 5,200
Balance Due NASD Dispute Resolution	= \$ 0

Respondents, Multi-Financial Securities Corporation, Dorothy Mechtenberg and Mechtenberg Financial Group, Inc., are jointly and severally liable for:

Forum Fees	= \$ 8,075
Total Fees	= \$ 8,075
Less payments	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 8,075

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

Samuel L. McClaren, Esq. - Public Arbitrator, Presiding Chair
Peter D. Bowes - Public Arbitrator
Harold M. Golz, Esq. - Non-Public Arbitrator

Concurring Arbitrators:

Samuel L. McClaren, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Peter D. Bowes
Public Arbitrator

Signature Date

Harold M. Golz, Esq.
Non-Public Arbitrator

Signature Date

12/22/05
Date of Service (NASD use only)

Respondents, Multi-Financial Securities Corporation, Dorothy Mechtenberg and Mechtenberg Financial Group, Inc., are jointly and severally liable for:

Forum Fees	= \$ 8,075
Total Fees	= \$ 8,075
Less payments	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 8,075

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

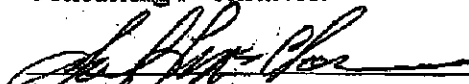
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Peter D. Bowes - Public Arbitrator

Harold M. Golz, Esq. - Non-Public Arbitrator

Concurring Arbitrators:


Samuel L. McClaren, Esq.

Public Arbitrator, Presiding Chair

Dec. 23, 2005
Signature Date

Peter D. Bowes
Public Arbitrator

Signature Date

Harold M. Golz, Esq.
Non-Public Arbitrator

Signature Date

12/23/05
Date of Service (NASD use only)

Respondents, Multi-Financial Securities Corporation, Dorothy Mechtenberg and Mechtenberg Financial Group, Inc., are jointly and severally liable for:

Forum Fees	= \$ 8,075
Total Fees	= \$ 8,075
Less payments	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 8,075

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Peter D. Bowes
Public Arbitrator

Signature Date


Signature Date

Harold M. Golz, Esq.
Non-Public Arbitrator

Signature Date


Date of Service (NASD use only)

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Respondents, Multi-Financial Securities Corporation, Dorothy Mechtenberg and Mechtenberg Financial Group, Inc., are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 8,075
<u>Total Fees</u>	= \$ 8,075
<u>Loss payments</u>	= \$ 0
<u>Balance Due NASD Dispute Resolution</u>	= \$ 8,075

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Peter D. Bowes - Public Arbitrator
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Concurring Arbitrators:

Samuel L. McClaren, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Peter D. Bowes
Public Arbitrator

Signature Date

Harold M. Golz, Esq.
Non-Public Arbitrator

12/22/05
Signature Date

12/23/05
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