

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of Claimants

Dr. William G. and Karen Carey, Individually,
Jointly and as Custodians of their IRA Accounts

vs.

Case Number: 05-02058
Hearing Site: Indianapolis, Indiana

Names of Respondents

Raymond James Financial Services, Inc.,
Frederick L. Dowd, Jeffrey B. Osher, and
Fred L. Dowd and Company

NATURE OF THE DISPUTE

Customers vs. Member, Associated Persons and Non-Member

REPRESENTATION OF PARTIES

Dr. William G. and Karen Carey, Individually, Jointly, and as Custodians of their IRA Accounts ("Claimants"), were represented by Thomas A. Hargett, Esq. and Mark E. Maddox, Esq., Maddox Hargett & Caruso, P.C., Fishers, Indiana.

Raymond James Financial Services, Inc. ("RJFS"), Frederick L. Dowd ("Dowd"), Jeffrey B. Osher ("Osher"), and Fred L. Dowd and Co. ("Dowd & Co."), were represented by Joseph C. Coates, Esq. and Neil B. Solomon, Esq., Greenberg Traurig, P.A., West Palm Beach, Florida.

CASE INFORMATION

The Statement of Claim was filed on or about April 19, 2005. The Submission Agreement of Claimants was jointly signed on or about April 7, 2005.

The Statement of Answer was filed by Respondents, Raymond James Financial Services, Inc., Frederick L. Dowd, Jeffrey B. Osher, and Fred L. Dowd and Company, on or about September 29, 2005. The Submission Agreement of Raymond James Financial Services, Inc. was signed on or about August 8, 2005. The Submission Agreement of Osher was signed on or about November 28, 2005.

A Motion to Dismiss was filed by Respondents, Raymond James Financial Services, Inc., Frederick L. Dowd, Jeffrey B. Osher, and Fred L. Dowd and Company, on September 21, 2006.

A Response to Respondents' Motion to Dismiss was filed by Claimants on September 28, 2006.

A Reply in Support of their Motion to Dismiss was filed by Respondents, Raymond James Financial Services, Inc., Frederick L. Dowd, Jeffrey B. Osher, and Fred L. Dowd and Company, on October 2, 2006.

CASE SUMMARY

Claimants asserted the following causes of action: omissions; misrepresentations; breach of fiduciary duty and constructive fraud; breach of contract; negligence; and failure to supervise. The causes of action related to unspecified stocks and equities. Claimants asserted that the manner in which their accounts were managed was wholly inconsistent with their expectations by recommending and purchasing unsuitable investments, which were high-risk, volatile and speculative in nature.

Unless specifically admitted in their Answer, Respondents, RJFS, Dowd, Osher, and Dowd & Co., denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants were fully advised and understood the nature of the investments purchased in their RJFS accounts; Claimants had full, complete, and accurate and contemporaneous knowledge of all transactions complained of in the claim, and Claimants are accordingly precluded from any recovery in this action; any losses incurred were the result of market price fluctuations and risks Claimants knowingly assumed; Claimants received trade confirmations and account statements in a timely fashion indicating the securities purchased, sold or transferred, as well as the net worth for the accounts at issue. Claimants are estopped from, and their acts constitute a ratification and waiver of any alleged wrongdoing by Respondents; Claimants failed to mitigate their purported damages through continued maintenance and pursuit of their trading strategy in their RJFS accounts; Claimants' losses were caused primarily by a general market downturn, not by any act or omission of Respondents; Claimants' claims are barred as a result of Claimants' failure to exercise due diligence and their failure to timely disaffirm the transactions and acts complained of in the claim despite their knowledge of any alleged wrongdoing; Claimants, by their own conduct, waived any and all claims Claimants may have had against Respondents; Claimants did not rely to their detriment on any act by RJFS or its agents; Claimants are not entitled to recovery against Respondents in this arbitration because RJFS and its agents acted at all times in good faith and exercised reasonable diligence; Claimants have failed to plead their common law and statutory fraud claims with the requisite particularity as required by the applicable law; Claimants' claims are barred by the applicable statute of limitations, statute of repose, and laches; and Claimants have not sufficiently pleaded, and are not entitled to, punitive damages, and

their excessive request violates the due process guarantees of the United States Constitution.

RELIEF REQUESTED

Claimants, Dr. William G. and Karen Carey, requested an award in the amount of:

Actual/Compensatory Damages	\$821,047.00
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents, Raymond James Financial Services, Inc., Frederick L. Dowd, Jeffrey B. Osher, and Fred L. Dowd and Company, requested that the claims asserted against them be denied in their entirety; that they be awarded their costs and attorneys' fees; and for the expungement of Frederick L. Dowd's and Jeffrey B. Osher's CRD records.

OTHER ISSUES CONSIDERED & DECIDED

After hearing arguments at the arbitration proceeding relating to Respondents' Motion to Dismiss, and Claimants' response thereto, the Panel denied Respondents' motion.

Respondent, Frederick L. Dowd, did not file with the NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

Respondent, Fred L. Dowd and Company, did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement, is a non-member pursuant to the Code, and having answered the claim, appeared and testified at the hearing, the Panel determined that it has jurisdiction, and that Respondent Dowd and Company is bound by the determination of the Panel on all issues submitted.

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, Frederick L. Dowd and Fred L. Dowd and Company, are jointly and severally liable for and shall pay to Claimants, Dr. William G. and Karen Carey, the sum of \$100,000.00 in compensatory damages;
- 2.) Respondents, Frederick L. Dowd and Fred L. Dowd and Company, are jointly and severally liable for and shall pay to Claimants, Dr. William G. and Karen Carey, interest on the above-stated sum in the amount of \$64,677.21;
- 3.) Respondent, Raymond James Financial Services, Inc., is liable for and shall pay to Claimants, Dr. William G. and Karen Carey, the sum of \$140,000.00 in compensatory damages;
- 4.) Respondent, Raymond James Financial Services, Inc., is liable for and shall pay to Claimants, Dr. William G. and Karen Carey, interest on the above-stated sum in the amount of \$90,548.09;
- 5.) Respondents, Frederick L. Dowd, Fred L. Dowd and Company, and Raymond James Financial Services, Inc., are jointly and severally liable for and shall pay to Claimants, Dr. William G. and Karen Carey, the sum of \$30,000.00 in costs and attorney's fees pursuant to the Indiana Securities Act;
- 6.) If Respondents, Frederick L. Dowd and Fred L. Dowd and Company, jointly and severally, fail to pay their portion of the amounts awarded to Claimants, Dr. William G. and Karen Carey, then Raymond James Financial Services, Inc. is directed to pay such awarded amounts, and may seek to recover such payments from Frederick L. Dowd and Fred L. Dowd and Company, jointly and severally, by right of contribution;
- 7.) The request for expungement of the CRD records of Respondents, Frederick L. Dowd and Jeffrey B. Osher, is denied; and
- 8.) 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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is Raymond James Financial Services, Inc.

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

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 a single arbitrator x \$450.00 = \$ 450.00
Pre-hearing conference: September 20, 2006 1 session

One (1) Pre-hearing session with Panel x \$1,200.00 = \$ 1,200.00
Pre-hearing conference: December 8, 2005 1 session

Eight (8) Hearing sessions x \$1,200.00 = \$ 9,600.00
Hearing Dates: October 3, 2006 2 sessions
October 4, 2006 2 sessions
October 5, 2006 2 sessions
October 6, 2006 2 sessions

Total Forum Fees = \$ 11,250.00

The Panel has assessed \$11,250.00 of the forum fees jointly and severally to Respondents, Frederick L. Dowd, Fred L. Dowd and Company, and Raymond James Financial Services, Inc.

FEE SUMMARY

Claimants, Dr. William G. and Karen Carey, are jointly liable for:

Initial Filing Fee	= \$ 375.00
Total Fees	= \$ 375.00
Less payments	= \$ 1,575.00
Refund Due to Claimants	= \$ 1,200.00

Respondent, Raymond James Financial Services, 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, Frederick L. Dowd, Fred L. Dowd and Company, and Raymond James Financial Services, Inc., are jointly and severally liable for:

<u>Forum Fees</u>	= \$	11,250.00
<u>Total Fees</u>	= \$	11,250.00
<u>Less payments</u>	= \$	0.00
Balance Due NASD Dispute Resolution	= \$	11,250.00

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

ARBITRATION PANEL

David Williams Russell, Esq. - Public Arbitrator, Presiding Chair
Paul R. Freeland - Public Arbitrator
Tim V. Young - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ David Williams Russell, Esq.
David Williams Russell, Esq.
Public Arbitrator, Presiding Chair

10-12-06
Signature Date

/s/ Paul R. Freeland
Paul R. Freeland
Public Arbitrator

11-2-06
Signature Date

/s/ Tim V. Young
Tim V. Young
Non-Public Arbitrator

10-12-06
Signature Date

10-12-06
Date of Service (For NASD office use only)

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 Arbitration No. 05-02058
 Award Page 6 of 6

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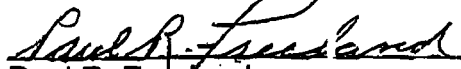
Paul R. Freeland - Public Arbitrator

Tim V. Young - Non-Public Arbitrator

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 Public Arbitrator, Presiding Chair

10-12-06
 Signature Date


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Signature Date

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