

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

U.S. Bancorp Investments, Inc.

vs.

Case Number: 05-04734
Hearing Site: Kansas City, Missouri

Names of Respondents

Nadia T. Cavner, Rebecca R. Angus,
and Steven E. Clark

NATURE OF THE DISPUTE

Member vs. Associated Persons

REPRESENTATION OF PARTIES

U.S. Bancorp Investments, Inc. ("Claimant") was represented by Michael C. Lueder, Esq., Foley & Lardner, LLP, Milwaukee, Wisconsin, Stephen P. Bedel, Esq., Foley & Lardner, LLP, Chicago, Illinois, and Jay M. Dade, Esq., Shugart Thompson & Kilroy, P.C., Springfield, Missouri.

Nadia T. Cavner ("Cavner") was represented by Charles W. German, Esq., Rouse Hendricks German May, PC, Kansas City, Missouri and Matthew V. Bartle, Esq., Graves, Bartle & Marcus, LLC, Kansas City, Missouri.

Rebecca R. Angus ("Angus") and Steven E. Clark ("Clark") were represented by Gene P. Graham, Jr., Esq., White, Allinder, Graham & Buckley, LLC, Independence, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about September 12, 2005.

Claimant filed an Amended Statement of Claim on or about November 14, 2005.

Cavner filed an Answer to the Amended Statement of Claim, Counterclaim, and Request for Disciplinary Referral to the District Business Committee to Claimant's Amended Statement of Claim on or about January 3, 2006. The Submission Agreement of Cavner was signed on or about December 9, 2005.

Clark and Angus jointly filed an Amended Answer to Claimant's Amended Statement of Claim on or about January 6, 2006. The Submission Agreement of Clark was signed on or about February 6, 2006. The Submission Agreement of Angus was signed on or about February 6, 2006.

Claimant filed a Motion to Strike Cavner's Answer on or about January 13, 2006. Cavner filed an Opposition to Claimant's Motion to Strike on or about January 31, 2006. Cavner filed a Supplemental Memorandum in Opposition to Claimant's Motion to Strike on or about February 20, 2006.

Cavner filed a Motion for Leave to File an Amended Answer, Counterclaims, and Request for Disciplinary Referral to the District Business Committee to Claimant's Amended Statement of Claim on or about May 22, 2006.

Claimant filed an Answer to Cavner's Amended Answer, Counterclaims, and Request for Disciplinary Referral to the District Business Committee on or about June 8, 2006.

Cavner, Clark, and Angus jointly filed a Motion to Dismiss on or about August 3, 2006. Claimant filed a Memorandum in Opposition to Respondents' Motion to Dismiss on or about August 9, 2006. Claimant filed a Supplemental Memorandum in Opposition to Respondents' Motion to Dismiss on or about August 15, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; breach of duties of loyalty and good faith; conspiracy to commit breach of contractual and common law duties; unfair competition; conversion; replevin; breach of confidentiality and non-solicitation agreement; tortious interference; and violation of the computer fraud and abuse act. Claimant alleged that Respondents secretly copied thousands of pages of confidential and nonpublic customer information in an effort to gain a competitive advantage at Cavner's new place of business. Claimant alleged that by doing so, the Respondents breached their confidentiality and non-solicitation agreements and violated the trust of its customers for the Respondents' benefit.

Unless specifically admitted in her Answer, Cavner denied the allegations made in the Statement of Claim.

Unless specifically admitted in their Answer, Clark and Angus jointly denied the allegations made in the Statement of Claim.

In Cavner's Counterclaim she asserted the following causes of action: conversion; harassment; retaliation; sexual discrimination; tortious interference with business relationships; breach of contract; fraudulent inducement to sign the non-solicitation/non-

disclosure agreement; misrepresentation; and defamation. Cavner alleged that Claimant improperly contacted her clients and gave them misinformation about her departure and that Claimant made defamatory statements to her clients and to the media that were done with the intention to induce her clients not to continue their business relationships with her and to ultimately cause harm to her professional career as punishment for leaving the employment of Claimant.

Unless specifically admitted in its Answer, Claimant denied the allegations made in the Cavner's Counterclaim.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	Unspecified
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Costs	Unspecified
Other Monetary Relief	Unspecified
Non-Monetary Relief	Injunction

Cavner requested that the claims asserted against her be denied in their entirety and that she be awarded her costs and attorneys' fees.

Clark and Angus jointly requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

In Cavner's Counterclaim, she requested an award in the amount of:

Actual/Compensatory Damages	Unspecified
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Costs	Unspecified
Other Monetary Relief	Unspecified

OTHER ISSUES CONSIDERED & DECIDED

On or about December 8, 2005, Claimant informed NASD Dispute Resolution that Signature Bank was not a party in this proceeding. Claimant stated that Signature Bank was named as a Respondent on its initial pleading which was a copy of the court proceeding for the issuance of a temporary injunction. Claimant further stated that in its

Amended Statement of Claim it listed the Respondents as Nadia Cavner, Rebecca Angus and Steven Clark only. Therefore, the panel did not adjudicate any claims asserted against Signature Bank as it was not a named party in this case.

Claimant, U.S. Bancorp Investments, Inc., 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 filed the claim, appeared and testified through counsel at the hearing, is bound by the determination of the Panel on all issues submitted.

On or about September 14, 2005, NASD Dispute Resolution received an Order from the United States District Court for the Western District of Missouri Southern Division denying Claimant's Motion for a Temporary Restraining Order.

On or about March 1, 2006, the Panel denied Claimant's Motion to Strike.

On the June 9, 2006 pre-hearing conference call, the Panel granted Cavner's Motion for Leave to File an Amended Answer and allowed Claimant to file an Amended Answer to the Counterclaim.

On or about August 16, 2006, the Panel deferred ruling on Respondents' Motion to Dismiss until after the presentation of evidence in this proceeding.

At the arbitration hearing Claimant submitted a Motion to Dismiss Cavner's counterclaim for lack of jurisdiction and failure to comply with statutory prerequisites on employment discrimination claims. Respondents objected. After deliberation, the panel denied Claimant's Motion to Dismiss.

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, the evidence presented at the hearing and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondent, Nadia T. Cavner, is liable for and shall pay to Claimant, U.S. Bancorp Investments, Inc., the sum of \$ 325,000.00 (Three Hundred Twenty Five Thousand Dollars and No Cents) in compensatory damages;
- 2) Respondent, Steven E. Clark, is liable for and shall pay to Claimant, U.S. Bancorp Investments, Inc., the sum of \$ 20,000.00 (Twenty Thousand Dollars and No Cents) in compensatory damages;

- 3) Respondent, Rebecca R. Angus, is liable for and shall pay to Claimant, U.S. Bancorp Investments, Inc., the sum of \$ 2,000.00 (Two Thousand Dollars and No Cents) in compensatory damages;
- 4) Respondent, Nadia T. Cavner's Counterclaims, are hereby denied and dismissed with prejudice in their entirety;
- 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 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 fees for each claim:

Initial Claim filing fee	= \$	500.00
Counterclaim filing fee	= \$	250.00

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 persons at the time of the event giving rise to the dispute. In this matter, the member firms are U.S. Bancorp Investments, Inc. and Cambridge Investment Research, Inc.

Member surcharge	= \$	1,500.00
Pre-hearing process fee	= \$	750.00
Hearing process fee	= \$	2,200.00

Adjournment Fees

Adjournments granted during these proceedings:

April 24-27, 2006, Adjournment requested by Claimant. (Fee Assessed by the Panel)	= \$	1,000.00
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Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who filed a temporary injunction in court. Parties in these cases are also assessed arbitration travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing on permanent injunction. These fees, except for the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel:

U.S. Bancorp Investments, Inc. is assessed:
Injunctive relief surcharge = \$ 2,500.00

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 that last 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 1, 2006 1 session
March 23, 2006 1 session

Eight (8) Pre-hearing sessions with Panel x \$ 1,000.00 = \$ 8,000.00
Pre-hearing conferences: January 1, 2006 2 sessions
March 29, 2006 1 session
April 25, 2006 1 session
June 5, 2006 1 session
June 9, 2006 1 session
July 17, 2006 1 session
August 16, 2006 1 session

Twenty Five (25) Hearing sessions x \$ 1,000.00 = \$ 25,000.00
Hearing Dates: August 21, 2006 2 sessions
August 22, 2006 2 sessions
August 23, 2006 2 sessions
August 24, 2006 2 sessions
August 25, 2006 2 sessions
August 28, 2006 1 session
August 30, 2006 2 sessions
August 31, 2006 2 sessions
September 11, 2006 2 sessions
September 12, 2006 2 sessions

September 13, 2006	2 sessions
September 14, 2006	2 sessions
September 15, 2006	2 sessions

Total Forum Fees	= \$ 33,900.00
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The Panel has assessed \$ 16,950.00 of the forum fees to U.S. Bancorp Investments, Inc.

The Panel has assessed \$ 16,950.00 of the forum fees to Nadia T. Cavner.

FEE SUMMARY

Claimant, U.S. Bancorp Investments, Inc., is liable for:

Initial Filing Fee	= \$ 500.00
Member Fees	= \$ 4,450.00
Injunctive Relief Fee	= \$ 2,500.00
Adjournment Fee	= \$ 1,000.00
Forum Fees	= \$ 16,950.00
Total Fees	= \$ 25,400.00
Less payments	= \$ 12,150.00
Balance Due NASD Dispute Resolution	= \$ 13,250.00

Respondent, Nadia T. Cavner, is liable for:

Counterclaim Filing Fee	= \$ 250.00
Forum Fees	= \$ 16,950.00
Total Fees	= \$ 17,200.00
Less payments	= \$ 1,250.00
Balance Due NASD Dispute Resolution	= \$ 15,950.00

Cambridge Investment Research, Inc. is liable for:

Member Fees	= \$ 4,450.00
Total Fees	= \$ 4,450.00
Less payments	= \$ 4,450.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

Rochelle E. Dillard - Public Arbitrator, Presiding Chair
Stephen D. Kort, Esq. - Public Arbitrator
Sharon L. McKinney - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Rochelle E. Dillard
Public Arbitrator, Presiding Chair

Signature Date

Stephen D. Kort, Esq.
Public Arbitrator

Signature Date

Sharon L. McKinney
Non-Public Arbitrator

Signature Date

10/12/00
Date of Service (For NASD office use only)

ARBITRATION PANEL

Rochelle E. Dillard - Public Arbitrator, Presiding Chair
Stephen D. Kort, Esq. - Public Arbitrator
Sharon L. McKinney - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Rochelle E. Dillard

Rochelle E. Dillard
Public Arbitrator, Presiding Chair

10-18-06
Signature Date

Stephen D. Kort, Esq.
Public Arbitrator

Signature Date

Sharon L. McKinney
Non-Public Arbitrator

Signature Date

10/18/06
Date of Service (For NASD office use only)

ARBITRATION PANEL

Rochelle E. Dillard - Public Arbitrator, Presiding Chair
Stephen D. Kort, Esq. - Public Arbitrator
Sharon L. McKinney - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Rochelle E. Dillard
Public Arbitrator, Presiding Chair

Signature Date

Stephen D. Kort, Esq.
Public Arbitrator

Signature Date

Sharon L. McKinney
Non-Public Arbitrator

Signature Date

10/18/06
Date of Service (For NASD office use only)

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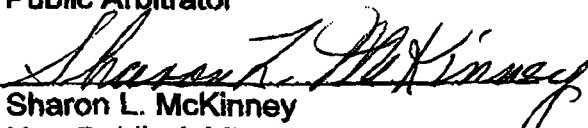
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Public Arbitrator, Presiding Chair

Signature Date

Stephen D. Kort, Esq.
Public Arbitrator

Signature Date


Sharon L. McKinney
Non-Public Arbitrator

10/18/06
Signature Date

10/18/06
Date of Service (For NASD office use only)