

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of Claimants

David and Deborah Griffith on behalf of
Andrew Griffith and Nicholas Griffith

vs.

Case Number: 06-00904
Hearing Site: Minneapolis, Minnesota

Name of Respondent

Ameriprise Financial Services, Inc.

NATURE OF THE DISPUTE

Customers vs. Member

REPRESENTATION OF PARTIES

David and Deborah Griffith on behalf of Andrew Griffith and Nicholas Griffith ("Claimants") were represented by Michael S. MacDonald, Esq., West St. Paul, Minnesota.

Ameriprise Financial Services, Inc. ("Respondent") was represented by Gary R. Irwin, Esq., Edgerton, Weaver & Irwin, LLC, Minneapolis, Minnesota.

CASE INFORMATION

The Statement of Claim was filed on or about February 20, 2006. The Submission Agreement of Claimants, David and Deborah Griffith on behalf of Andrew Griffith and Nicholas Griffith, was signed on or about February 20, 2006.

The Statement of Answer was filed by Respondent, Ameriprise Financial Services, Inc., on or about May 11, 2006. The Submission Agreement of Respondent, Ameriprise Financial Services, Inc., was signed on or about March 15, 2005.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; negligence; fraud; and suitability. Claimants alleged that Respondent instituted an improper investment strategy for Claimants in relation to their minor children's college planning. Claimants alleged that Respondent recommended the purchase of variable annuities as an appropriate investment strategy for Claimants to save for children's future college planning.

Claimant asserted that this was not a prudent investment given their children's ages and the unsuitable sub-account selection. Claimants further alleged that the recommendation for variable annuities was based solely on the amount of commissions earned by Respondent.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants failed to state a cause of action upon which relief can be granted; Claimants failed to demonstrate any actual damages; the alleged damages claimed by Claimants are not the result of any act or omission on the part of Respondent; the actions or inactions caused whatever unknown losses of which Claimants now complain; Claimants, by their conduct and under all circumstances of this case are estopped from asserting their claims; any and all duties owed to Claimants were fully and faithfully performed; Claimants' damages were due to the fault of persons and to factors and circumstances presently unknown to Respondent, over which Respondent exercised no control, and for whose actions it was not responsible; there was no negligence on the part of Respondent in the handling of Claimants' accounts; Claimants' claims are barred, in whole or in part, by the applicable statutes of limitations and by the doctrines of laches; Claimants' claims were caused or contributed to by their own negligence or fault; and Respondent did not act with any intent to defraud Claimants or with any willful disregard for them.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$ 45,582.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondent requested that the claims asserted it be denied in their entirety and that it be awarded its costs and attorneys' fees.

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 Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondent, Ameriprise Financial Services, Inc., is liable for and shall pay to Claimants, David and Deborah Griffith on behalf of Andrew Griffith and Nicholas Griffith, the sum of \$ 40,000.00 in compensatory damages representing their original investment made;
- 2.) Respondent, Ameriprise Financial Services, Inc., is liable for and shall pay to Claimants, David and Deborah Griffith on behalf of Andrew Griffith and Nicholas Griffith, interest on the above-stated sum at the rate of 4% per annum from and including May 1, 2000 through and including December 15, 2006;
- 3.) Respondent, Ameriprise Financial Services, Inc., is liable for and shall pay to Claimants, David and Deborah Griffith on behalf of Andrew Griffith and Nicholas Griffith, the sum of \$ 2,000.00 in expert witness costs;
- 4.) Respondent, Ameriprise Financial Services, Inc., is liable for and shall pay to Claimants, David and Deborah Griffith on behalf of Andrew Griffith and Nicholas Griffith, the sum of \$ 5,000.00 in attorneys' fees pursuant to Minn. Stat 80A.23;
- 5.) Claimants, David and Deborah Griffith on behalf of Andrew Griffith and Nicholas Griffith, are directed to transfer ownership of the insurance policies to Respondent, Ameriprise Financial Services, Inc., at no cost to the Claimants; and
- 6.) Any relief not specifically enumerated 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 = \$ 175.00

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 Ameriprise Financial Services, Inc.

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

Forum Fees and Assessments

The Arbitrator 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 arbitrator, including a pre-hearing conference with the arbitrator, that last 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: July 10, 2006 1 session	
Three (3) Hearing sessions x \$ 450.00	= \$ 1,350.00
Hearing Date: December 15, 2006 3 sessions	
<hr/> Total Forum Fees	<hr/> = \$ 1,800.00

The Arbitrator has assessed \$ 1,800.00 of the forum fees to Ameriprise Financial Services, Inc.

FEE SUMMARY

Claimants, David and Deborah Griffith on behalf of Andrew Griffith and Nicholas Griffith, are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 175.00
<u>Total Fees</u>	= \$ 175.00
<u>Less payments</u>	= \$ 625.00
<u>Refunded Due Claimants</u>	= \$ 450.00

Respondent, Ameriprise Financial Services, Inc., is liable for:

Member Fees	= \$ 2,625.00
Forum Fees	= \$ 1,800.00
Total Fees	= \$ 3,425.00
Less payments	= \$ 2,625.00
Balance Due NASD Dispute Resolution	= \$ 1,800.00

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

ARBITRATOR

Robert Lee Nelson - Public Arbitrator, Presiding Chair

Arbitrator's Signature:

Robert Lee Nelson
Public Arbitrator, Presiding Chair

Signature Date

12/21/06
Date of Service (For NASD office use only)

Respondent, Ameriprise Financial Services, Inc., is liable for:

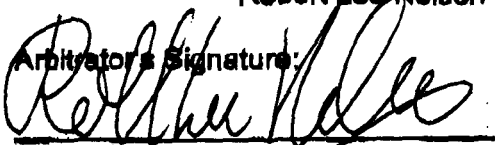
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Forum Fees	= \$ 1,800.00
Total Fees	= \$ 3,425.00
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