

BROKER CHECK DISCLOSURE

CLIENT ALLEGES THAT IN 1993 TWO MUTUAL FUNDS WERE SOLD WITHOUT AUTHORIZATION, AND NOW FURTHER ALLEGED THE TRANSFER FORM SIGNATURE WAS FORGED; ADDITIONALLY CLIENT ALLEGES HE PROVIDED THE IE WITH WRITEN INSTRUCTIONS TO TERMINATE WRAP FEES; AND FINALLY THAT IE FAILED TO FOLLOW HIS INSTRUCTIONS TO SELL STOCK WHICH SUBSEQUENTLY DROPPED 21 POINTS. CLIENT IS SEEKING \$15,000.00 IN SETTLEMENT.

Damage Amount Requested

\$15,000.00

Settlement Amount

\$9,460.57

Dain Rauscher Broker Comment

THE FIRM MADE A BUSINESS DECISION TO SETTLE TO AVOID LEGAL COSTS. THE ENTIRE SETTLEMENT \$9,460.57 IS CHARGED AGAINST THE SEATTLE OFFICE. NOT PROVIDED

Mike:

Since this was below \$10,000 Dain was not required and as a practice did not file complaints under \$10,000 with FINRA. However, I believe Dain did file as retaliation for my recommendation that 22 of my clients sue Dain.

First, this complaint. The client had a portfolio that was profitable. One stock did fall 21 points, but the other stocks in the portfolio were up and more than offset the one holding that was down. Further, the client claimed to have sent a letter saying he wanted to sell the stock. All letters received in the brokerage office go to administration, are copied, and then to the broker. The broker cannot receive the letter unless it has already been copied by the administrator. If there was a letter it never arrived. The same is true of the letter the client claimed to have written about terminating the wrap fees. No letter was ever received. Concerning the mutual funds, they were held at another brokerage house. Mike Adams had no authority to trade at that brokerage house. The mutual funds were in the client's wife's name. They were sold and the funds deposited to his the client's checking account.

The client filed each allegation sequentially. First came the stock drop and when that was denied, the client then alleged the wrap fees should have been terminated. When that was denied the client then alleged the mutual funds were sold without authorization. When that was denied the client then alleged his wife's signature was forged.

Dain management settled. Had they felt any of the allegations were valid they would have held Mike Adams responsible and charged the settlement to him. The firm paid.

Dain was not required to post this complain since it was below the \$10,000 threshold. I believe the did so to retaliate against me.

I had advised 22 of my clients to sue Dain Rauscher over their recommendation to purchase Boston Chicken convertible bonds. I quit at the same time. Over 900 Dain clients had invested in Boston Chicken bonds. The Dain analyst in his financial analysis had overlooked a significant amount of debt of Boston Chicken which led them to declare bankruptcy and default on the bonds. I advised my 22 clients to sue and Dain settled paying them 75% of their investment. To the best of my knowledge none of the other 900 plus clients received any settlement – they lost their entire investment. Dain management made it clear to the other brokers at Dain my behavior in getting clients to sue was considered disloyal and they would do everything the could to destroy me. They claimed it was a Bambi versus Godzilla fight. For me it was the right thing to do for my clients. Not one other broker advised their clients to sue and consequently my clients were the only ones not to have lost their entire investment in Boston Chicken bonds.