

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

Karen L. Labuda
Sherry A. Leach-Warth
Darlene R. Peterson

Case Number: 10-04587

vs.

Respondent

Royal Alliance Associates, Inc.

Hearing Site: Los Angeles, California

Nature of the Dispute: Customers vs. Member

The case proceeded under the Optional All Public Panel Rule/Majority Public Panel.

REPRESENTATION OF PARTIES

Claimants Karen L. Labuda, Sherry A. Leach-Warth, and Darlene R. Peterson, hereinafter collectively referred to as "Claimants": Bruce D. Oakes, Esq., Oakes & Foshier, LLC, St. Louis, Missouri.

Respondent Royal Alliance Associates, Inc., hereinafter referred to as "Respondent": Gregory M. Curley, Esq., Royal Alliance Associates, Inc., New York, New York and Peter B. Dolan, Esq., The Dolan Law Firm, Los Angeles, California.

CASE INFORMATION

Statement of Claim filed on or about: October 12, 2010

Amended Statement of Claim filed on or about: January 10, 2012

Claimant Karen L. Labuda signed the Submission Agreement: September 28, 2010

Claimant Sherry A. Leach-Warth signed the Submission Agreement: September 29, 2010

Claimant Darlene R. Peterson signed the Submission Agreement: September 30, 2010

Statement of Answer filed by Respondent on or about: February 14, 2011

Statement of Answer to the Amended Statement of Claim filed by Respondent on or about: February 14, 2012

Respondent signed the Submission Agreement: February 22, 2011.

CASE SUMMARY

Claimants asserted the following causes of action in the Statement of Claim and Amended Statement of Claim: breach of fiduciary duty; violation of the California securities act; breach of contract; negligence; negligent misrepresentation; omission; common law fraud; and negligent supervision. Claimants filed an Amended Statement of Claim to increase the compensatory damages requested from \$500,000.00 to \$1,400,000.00. The causes of action relate to Claimants' investment in a private placement known as Inland Real Estate, and several unspecified variable annuities in Claimants' individual retirement accounts.

Unless specifically admitted in its Answers to the Statement of Claim and Amended Statement of Claim, Respondent denied the allegations made in the Statement of Claim and Amended Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimants requested:

1. Compensatory damages in the amount of \$500,000.00;
2. Punitive damages;
3. Pre-judgment and post-judgment interest;
4. Attorneys' fees;
5. Forum fees and costs; and
6. Such other relief as the Panel may deem appropriate.

In the Amended Statement of Claim, Claimants requested:

1. Compensatory damages in the amount of \$1,400,000.00;
2. Punitive damages;
3. Pre-judgment and post-judgment interest;
4. Attorneys' fees;
5. Forum fees and costs; and
6. Such other relief as the Panel may deem appropriate.

In its Answers to the Statement of Claim and Amended Statement of Claim, Respondent requested:

1. Claimants' claims be dismissed;
2. Forum fees;
3. A refund of its member surcharge; and
4. Such other relief as the Panel may deem appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On January 10, 2012, Claimants filed a Motion to Submit an Amended Statement of Claim to increase the amount of compensatory damages requested and to consolidate an additional FINRA arbitration matter with this case. On January 19, 2012, Respondent submitted an opposition to Claimants' motion. On January 23, 2012, Claimants submitted a reply to Respondent's opposition to their motion and eliminated the request to consolidate an additional FINRA arbitration matter with this case. On January 24, 2012, Respondent submitted a sur-reply to Claimants' reply. By email dated February 1, 2012, Respondent advised FINRA Dispute Resolution that it withdrew its opposition to Claimants' motion. By Order dated February 2, 2012, the Panel granted Claimants' Motion to Submit an Amended Statement of Claim to increase the amount of compensatory damages requested.

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

1. Respondent is liable for and shall pay to Claimant Darlene R. Peterson compensatory damages in the amount of \$75,000.00, plus interest in the amount of \$172,500.00.
2. Respondent is liable for and shall pay to Claimant Karen L. Labuda compensatory damages in the amount of \$305,000.00, plus interest in the amount of \$320,000.00.
3. Respondent is liable for and shall pay to Claimant Sherry A. Leach-Warth compensatory damages in the amount of \$270,000.00, plus interest in the amount of \$211,000.00.
4. Respondent is liable for and shall pay to Claimant Darlene R. Peterson punitive damages in the amount of \$10,000.00 pursuant to California Civil Code Section 3294.
5. Respondent is liable for and shall pay to Claimant Karen L. Labuda punitive damages in the amount of \$10,000.00 pursuant to California Civil Code Section 3294.
6. Respondent is liable for and shall pay to Claimant Sherry A. Leach-Warth punitive damages in the amount of \$10,000.00 pursuant to California Civil Code Section 3294.
7. Respondent is liable for and shall pay to Claimants expert witness fees and costs in the amount of \$20,000.00.
8. Any and all relief not specifically addressed herein is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial Claim Filing fee	= \$ 1,800.00
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**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Royal Alliance Associates, Inc. is assessed the following:

Member Surcharge	= \$ 2,800.00
Pre-Hearing Processing Fee	= \$ 750.00
Hearing Processing Fee	= \$ 5,000.00

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with the Panel @ \$1,125.00/session	= \$2,250.00
Pre-hearing conferences: May 3, 2011	1 session
February 2, 2012	1 session

Six (6) Hearing sessions @ \$1,200.00/session	= \$7,200.00
Hearing Dates: February 27, 2012	2 sessions
February 28, 2012	2 sessions
February 29, 2012	2 sessions

Total Hearing Session Fees	= \$9,450.00
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1. The Panel has assessed \$1,125.00 of the hearing session fees jointly and severally to Claimants.
2. The Panel has assessed \$8,325.00 of the hearing session fees to Respondent.

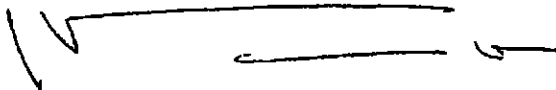
All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

Laurent C. Vonderweidt	-	Public Arbitrator, Presiding Chairperson
Sandra L. Malek	-	Public Arbitrator
Ronald F. Rybandt	-	Non-Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

Concurring Arbitrators' Signatures



Laurent C. Vonderweidt
Public Arbitrator, Presiding Chairperson

03/16/2012

Signature Date

Sandra L. Malek
Public Arbitrator

Signature Date

Ronald F. Rybandt
Non-Public Arbitrator

Signature Date

March 19, 2012

Date of Service (For FINRA Dispute Resolution office use only)

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Public Arbitrator, Presiding Chairperson

Signature Date




Sandra L. Malek
Public Arbitrator



Signature Date

Ronald F. Rybandt
Non-Public Arbitrator

Signature Date



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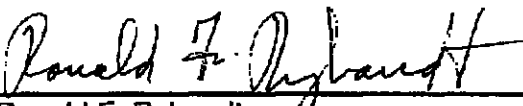
Concurring Arbitrators' Signatures

Laurent C. Vonderweidt
Public Arbitrator, Presiding Chairperson

Signature Date

Sandra L. Malek
Public Arbitrator

Signature Date



Ronald F. Rybandt
Non-Public Arbitrator

3-15-12

Signature Date

March 19, 2012

Date of Service (For FINRA Dispute Resolution office use only)