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RBC Ordered to Pay Couple \$831,000 Related to Sale of Lehman Stock

By *Caitlin Nish* [Follow](#)

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NEW YORK—An arbitration panel has ordered RBC Capital Markets LLC to pay roughly \$831,000 to a couple who claimed their broker assured them the U.S. government wouldn't allow Lehman Brothers to fail when he sold them its stock in early 2008.

The investors, Russell and Linda Rupp of Bonita Springs, Fla., accused RBC of misleading them about the risk associated with Lehman's preferred stock and other investments in three funds, according to the ruling from the Financial Industry Regulatory Authority arbitration panel.

A spokeswoman for RBC, a unit of Royal Bank of Canada (RY), didn't immediately respond to a request for comment.

Both the Rups and their broker, Albert Booth, testified during the arbitration hearing that he told them in February, 2008, that the government would never let Lehman go under, according to Jeffrey Erez, one of the attorneys who represented the investors.

"When a financial adviser says that to a client, it's a powerful statement," Mr. Erez said. "But it was a false and misleading statement."

Lehman, once the nation's fourth-largest investment bank, collapsed in September 2008.

The arbitration panel made a rare award of punitive damages in its decision Wednesday, ruling that RBC owes the Rups \$250,000 for Mr. Booth's misleading information about Lehman, and for also falsifying the risk level they agreed to on a customer questionnaire.

The panel further ruled that RBC must pay the investors roughly \$461,000 in compensatory damages as well as interest and other costs, for a total award of about \$831,000. It also denied RBC's request to have the Rups' complaint scrubbed from Mr. Booth's publicly available broker record.

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