

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Bruce A. Murray & Doris M. Murray

Case No. 01-01159

Name of Respondents

Edward D. Jones & Co. L.P.;
Greg A. Reinhold

Hearing Site: Indianapolis, Indiana.

REPRESENTATION OF PARTIES

Claimants Bruce A. Murray and Doris M. Murray were represented by David C. Campbell, Esq. of Bingham McHale, LLP, located in Indianapolis, Indiana.

Respondent Edward D. Jones & Co. L.P. ("Jones") was represented by William J. Travis, Esq., of Greensfelder, Hemker & Gale, P.C., located in St. Louis, Missouri.

Respondent Greg A. Reinhold ("Reinhold") appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: March 8, 2001.

Claimants signed the Uniform Submission Agreement: February 27, 2001.

Statement of Answer filed by Respondent Jones on or about: May 15, 2001.

Respondent Jones signed the Uniform Submission Agreement: March 16, 2001.

Statement of Answer filed by Respondent Reinhold on or about: May 9, 2001.

Respondent Reinhold signed the Uniform Submission Agreement: April 23, 2001.

Motion to Amend the Statement of Answer filed by Respondent Jones on or about: January 25, 2002.

Response to Motion to Amend the Statement of Answer filed by Claimants on or about: January 29, 2002. •

Amended Statement of Answer filed by Respondent Jones on or about: February 4, 2002.

CASE SUMMARY

Claimants asserted the following causes of action: fraud; negligence; violation of the rules of the NASD; violation of the Securities Act of 1933, the Securities and Exchange Act of 1934, the *Investment Company Act of 1940 and the regulations promulgated there under*; and, violation of the laws of the State of Indiana and State of Missouri, including their securities acts. These causes of action related to unauthorized purchases of investments in entities owned and controlled by Respondent Reinhold and allegedly obtained through fraud and/or misrepresentation.

Unless specifically admitted in its Answer, Respondent Jones denied the allegations made in the Statement of Claim and asserted the following defenses:

1. All claims are barred by the statute of limitations;
2. Claimants authorized and instructed Reinhold to enter into all of the transactions at issue and therefore, claims based on such transactions should be dismissed;
3. The claims asserted in the Statement of Claim are barred by the doctrines of waiver and release;
4. Claimants ratified all transactions that took place in the accounts and are therefore barred from recovering any alleged losses resulting from such transactions;
5. To the extent the Claimants suffered any damages, they are the product of the Claimants' negligent conduct and recovery is barred because of this conduct;
6. If true, Reinhold's conduct was outside the scope of his employment with Jones and renders the doctrine of respondeat superior inapplicable;
7. Claimants failed to mitigate their alleged damages and are barred from recovering any damages to the extent such damages could have been prevented;
8. NASD rules do not provide for a private cause of action in favor of Claimants and therefore any claims based upon violation of these rules should be dismissed;
9. Claimants failed to allege that their investments and loans to Reinhold were made by or through Jones, approved by Jones and are in any way connected to Jones, therefore the claims should be dismissed;
10. To the extent Claimants received any payments from Reinhold, such payments should set off the amount Claimants allege in damages;
11. Pursuant to the Customer Agreements, Missouri law governs the parties' dispute and any claims based upon Indiana state law should be dismissed; and,
12. The requests for punitive damages violates the Due Process Clause of the Fourteenth Amendment.

Unless specifically admitted in his Answer, Respondent Reinhold denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Portland Properties does owe the Murrys \$279,000, plus interest, in accordance with the mortgages;

2. The loss of interest/reasonable rate of return were hindered by Murray's counsel, when the Murrays panicked when Reinhold was released from Jones. The refinancing and subsequent repayment of the notes could not be completed due to the attorneys efforts to block and cause to fail the refinancing agreements and efforts;
3. The Murrays are not entitled to punitive, exemplary or treble damages; and,
4. The Murrays are not entitled to attorneys' fees and costs.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$279,000.00
Punitive Damages	Unspecified amount
Treble Damages	\$558,000.00
Interest	Reasonable rate
Attorneys' Fees	Unspecified amount
Other Costs	Unspecified amount.

Respondent Jones requested that the claims be dismissed.

Respondent Reinhold did not request any specific relief in his pleadings.

OTHER ISSUES CONSIDERED AND DECIDED

On February 4, 2002, the panel granted Respondent Jones Motion for Leave to File an Amended Answer.

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 Edward D. Jones & Co. L.P. is liable for and shall pay to the Claimants, Bruce A. Murray and Doris M. Murray, the sum of \$50,000.00 as compensatory damages;
2. In addition, Respondent Greg A. Reinhold is liable for and shall pay to the Claimants, Bruce A. Murray and Doris M. Murray , the sum of \$100,000.00 as compensatory damages;
3. The parties shall bear their own costs of arbitration, including any attorneys' fees, except for those sums specifically enumerated herein; and
4. Any and all relief not specifically addressed herein, including punitive and treble damages, are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 375.00
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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 person at the time of the events giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$ 2,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 3,500.00

Adjournment Fees

Adjournments requested during these proceedings: None.

Forum Fees and Assessments

The panel has the authority to assess forum fees for each hearing session conducted. A hearing 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:

One (1) Pre-hearing session with Panel x \$1,200.00	= \$ 1,200.00
Pre-hearing conference: October 5, 2001 1 session	
Six (6) Hearing sessions x \$1,200.00	= \$ 7,200.00
Hearing Dates: February 5, 2002 2 sessions	
February 6, 2002 2 sessions	
February 7, 2002 2 sessions	
<hr/> Total Forum Fees	<hr/> = \$ 8,400.00

The panel has assessed \$2,800.00 of the forum fees, jointly and severally, to Claimants Bruce A. Murray & Doris M. Murray, \$2,800.00 of the forum fees to Respondent Edward D. Jones & Co. L.P., and \$2,800.00 of the forum fees to Respondent Greg A. Reinhold.

EEE SUMMARY

Claimants Bruce A. Murray & Doris M. Murray are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 2,800.00
Total Fees	= \$ 3,175.00

Less payments	= \$ 1,575.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,600.00

Respondent Edward D. Jones & Co. L.P. is solely liable for:

Member Fees	= \$ 6,100.00
Forum Fees	= \$ 2,800.00
Total Fees	= \$ 8,900.00
Less payments	= \$ 6,600.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,300.00

Respondent Greg A. Reinhold is solely liable for:

Forum Fees	= \$ 2,800.00
Less payments	= \$ 00.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,800.00

All balances are due to NASD Dispute Resolution, Inc.


ARBITRATION PANEL

Jack A. Wodock - Public Arbitrator, Presiding Chair

James R. Kocher - Public Arbitrator

Patrick J. Burley - Non-Public Arbitrator

Concurring Arbitrators' Signatures



Jack A. Wodock
Public Arbitrator, Presiding Chair

3/5/02

Signature Date

James R. Kocher
Public Arbitrator

Signature Date

Patrick J. Burley
Non-Public Arbitrator

Signature Date

3/12/02 

Date of Service (For NASD-Dispute Resolution office use only)

Less payments	= \$ 1,575.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,600.00

Respondent Edward D. Jones & Co. L.P. is solely liable for:

Member Fees	= \$ 6,100.00
Forum Fees	= \$ 2,800.00
Total Fees	= \$ 8,900.00
Less payments	= \$ 6,600.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,300.00

Respondent Greg A. Reinhold is solely liable for:

Forum Fees	= \$ 2,800.00
Less payments	= \$ 00.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,800.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Jack A. Wodock - Public Arbitrator, Presiding Chair

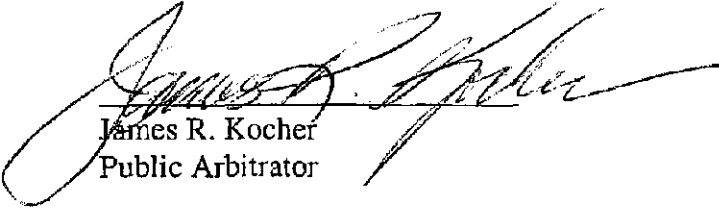
James R. Kocher - Public Arbitrator

Patrick J. Burley - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Jack A. Wodock
Public Arbitrator, Presiding Chair

Signature Date



James R. Kocher
Public Arbitrator



Signature Date

Patrick J. Burley
Non-Public Arbitrator

Signature Date

3/12/02 msc
Date of Service (For NASD-Dispute Resolution office use only)

Less payments	= \$ 1,575.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,600.00

Respondent Edward D. Jones & Co. L.P. is solely liable for:

Member Fees	= \$ 6,100.00
Forum Fees	= \$ 2,800.00
Total Fees	= \$ 8,900.00
Less payments	= \$ 6,600.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,300.00

Respondent Greg A. Reinhold is solely liable for:

Forum Fees	= \$ 2,800.00
Less payments	= \$ 00.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,800.00

All balances are due to NASD Dispute Resolution, Inc.

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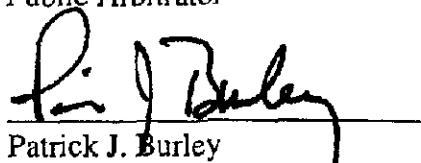
Concurring Arbitrators' Signatures

Jack A. Wodock
Public Arbitrator, Presiding Chair

Signature Date

James R. Kocher
Public Arbitrator

Signature Date



Patrick J. Burley
Non-Public Arbitrator

3/4/2002

Signature Date

3/12/02 wgn

Date of Service (For NASD-Dispute Resolution office use only)