

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Louis Hosek

Case Number: 02-06286

Names of the Respondents
A.G. Edwards & Sons, Inc.
Ronald May
Richard Velten

Hearing Site: Tampa, Florida

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For Louis Hosek, hereinafter referred to as "Claimant": Patrick A. Davis, P.A., Clearwater, Florida.

For Respondents A.G. Edwards & Sons, Inc. ("Edwards") and Ronald May ("May"): Matthew Salamon, Litigation Counsel, Edwards, St. Louis, Missouri.

Respondent Richard Velten ("Velten") appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: October 18, 2002.

Claimant signed the Uniform Submission Agreement: September 13, 2002.

Statement of Answer filed by Respondents Edwards and May on or about: January 10, 2003.

Statement of Answer filed by Respondent Velten on or about: January 13, 2003.

Respondent Edwards signed the Uniform Submission Agreement: December 6, 2002.

Respondent May signed the Uniform Submission Agreement: January 13, 2003.

Respondent Velten signed the Uniform Submission Agreement: December 30, 2002.

CASE SUMMARY

Claimant asserted the following causes of action: violation of the Florida Securities Investor Protection Act; violation of the Securities Act of 1933; violation of the Securities Exchange Act of 1934; fraud; breach of fiduciary duties; negligence and gross negligence and negligent supervision; civil remedies for criminal practices; civil theft; and, unjust enrichment. The causes of action relate to Claimant's investment in the Delaware Technology and Innovation B fund.

Unless specifically admitted in their Answers, Respondents denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimant requested damages in the range of \$50,000.00-\$100,000.00, plus interest, punitive

damages, attorneys' fees, costs and other relief as is deemed proper and necessary, including but not limited to a rescission of the investment transactions at issue.

Respondents Edwards and May requested that the Statement of Claim be dismissed with prejudice, that they be awarded their costs, and any other and further relief deemed appropriate under the facts and circumstances of the case.

Respondent Velten requested that the arbitration panel dismiss Claimant's claims in their entirety with prejudice, award Respondent Velten his attorneys' fees and costs in defending this action and enter an order directing the NASD Central Registration Depository ("CRD") to expunge any references to this case from his records.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Velten did not attend the evidentiary hearing in this matter. Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondent Velten has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

The parties present at the hearing have agreed that the Award in this matter may be executed in counterpart copies.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondents are found liable on the claims of unsuitability, breach of fiduciary duty and failure to supervise. As such, Respondents are liable, jointly and severally, and shall pay to Claimant the sum of \$74,661.00, inclusive of statutory prejudgment interest.

Respondents are liable, jointly and severally, and shall pay to Claimant reasonable attorneys' fees in an amount to be determined by a court of competent jurisdiction.

Respondents are liable, jointly and severally, and shall pay to Claimant the sum of \$225.00 representing reimbursement of the claim filing fee previously paid by Claimant to NASD Dispute Resolution.

Any and all claims for relief not specifically addressed herein, including Claimant's claims for relief pursuant to the Florida Securities Investor Protection Act, Claimant's request for punitive damages and Respondent Velten's request for an expungement, are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$225.00

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. In this matter, the member firm is a party.

Member surcharge	= \$1,100.00
Pre-hearing process fee	= \$750.00
Hearing process fee	= \$1,700.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

December 9, 10 and 11, 2003 hearing dates, joint motion to postpone, \$750.00 adjournment fee waived by the arbitration panel.

April 5 and 6, 2004 hearing dates, adjournment requested by Claimant, adjournment fee of \$750.00 assessed jointly and severally to Respondents.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session.

No three-day cancellation fees were incurred in this matter.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

Forum Fees and Assessments

The Panel has assessed forum 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:

One (1) Pre-hearing session with the Panel @ \$750.00	= \$750.00
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Pre-hearing conference:	May 9, 2003	1 session	
Five (5) Hearing sessions @	\$750.00		= \$3,750.00
Hearing Dates:	April 5, 2004	1 session	
	January 11, 2005	2 sessions	
	January 12, 2005	2 sessions	
<hr/> Total Forum Fees			= \$4,500.00

The Panel has assessed the total forum fees of \$4,500.00 to Respondents, jointly and severally.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred in this matter.

FEE SUMMARY

Claimant is solely liable for:

Initial Filing Fee	= \$225.00
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Total Fees	= \$225.00
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Less payments	= \$225.00
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Balance Due NASD Dispute Resolution	= \$0.00
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Respondent Edwards is solely liable for:

Member Fees	= \$3,550.00
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Total Fees	= \$3,550.00
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Less payments	= \$3,550.00
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Balance Due NASD Dispute Resolution	= \$0.00
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Respondents are jointly and severally liable for:

Adjournment Fee	= \$750.00
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Forum Fees	= \$4,500.00
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Total Fees	= \$5,250.00
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Less payments	= \$0.00
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Balance Due NASD Dispute Resolution	= \$5,250.00
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All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

James Francis Donovan
Elwin Lawrence Saviet
Norman D. Blakely

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures

James Francis Donovan
James Francis Donovan
Public Arbitrator, Presiding Chair

14 Jan 2005
Signature Date

Elwin Lawrence Saviet
Elwin Lawrence Saviet
Public Arbitrator

Signature Date

Norman D. Blakely
Norman D. Blakely
Non-Public Arbitrator

Signature Date

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

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Less payments = \$0.00

Balance Due NASD Dispute Resolution = \$5,250.00

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Elwin Lawrence Saviet

Public Arbitrator

Norman D. Blakely

Non-Public Arbitrator

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James Francis Donovan
Public Arbitrator, Presiding Chair

Signature Date

Elwin Lawrence Saviet

Elwin Lawrence Saviet
Public Arbitrator

January 19 2005
Signature Date

Norman D. Blakely
Non-Public Arbitrator

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Public Arbitrator

Non-Public Arbitrator

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James Francis Donovan

Public Arbitrator, Presiding Chair

Signature Date

Elwin Lawrence Saviet

Public Arbitrator

Signature Date


Norman D. Blakely
Non-Public Arbitrator1-14-05
Signature Date

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James Francis Donovan	-	Public Arbitrator, Presiding Chair
Elwin Lawrence Saviet	-	Public Arbitrator
Norman D. Blakely	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

_____/S/_____
James Francis Donovan
Public Arbitrator, Presiding Chair

Signature Date

_____/S/_____
Elwin Lawrence Saviet
Public Arbitrator

Signature Date

_____/S/_____
Norman D. Blakely
Non-Public Arbitrator

Signature Date

January 18, 2005
Date of Service (For NASD Dispute Resolution office use only)