

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimants

John and Betty Musal

Case Number: 02-06979

Name of the Respondents

Edward D. Jones & Co.; and
Richard G. Stokes

Hearing Site: Dallas, Texas

NATURE OF DISPUTE

Public Customer v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Claimants John and Betty Musal, hereinafter collectively referred to as "Claimant(s)": Upendar Reddy, Esq., of the firm of Sanders, O'Hanlon & Motley, PLLC, located in Sherman, Texas.

Respondent Edward Jones & Co. ("Jones & Co."): Jonathan A. Pace, Esq., of the firm of Pace & Rickey, L.L.P., located in Dallas, Texas.

Respondent Richard G. Stokes ("Stokes"): Omar Galicia, Esq., of the firm of Zelle, Hofmann, Voelbel, Mason & Gette, located in Dallas, Texas.

CASE INFORMATION

Statement of Claim filed: November 19, 2002.

Claimants signed the Uniform Submission Agreement: November 11, 2002.

Statement of Answer filed by Respondent Jones & Co.: January 17, 2003.

Respondent Jones & Co. signed the Uniform Submission Agreement: December 4, 2002.

Statement of Answer filed by Respondent Stokes: January 20, 2003.

Respondent Stokes signed the Uniform Submission Agreement: January 8, 2003.

Claimants' Motion for Leave to Amend filed: November 14, 2003.

Respondent Jones & Co.'s Motion to Strike Amended Claim filed: November 14, 2003.

Respondent Stokes' Response to Motion to Amend filed: November 26, 2003.

CASE SUMMARY

Claimants asserted that despite the representations made by Respondents that their money would be invested in safe and non-aggressive investments, with a diversified portfolio, the Respondents invested the Musals' money in speculative and aggressive stocks.

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

1. Claimants have failed to mitigate their damages and are barred from collecting damages, if any, at this time;
2. Claimants have ratified the transactions because with full knowledge of the transactions, they failed to timely complain or reverse any of the transactions; and,
3. Claimants have waived any cause of action by accepting the trades in their account.

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

1. Claimants knew and understood the operation and risks of all their investments, and never complained; therefore, Claimants approved, authorized and ratified the transactions of which they complain;
2. Claimants had a duty of reasonable diligence that must be exercised to create a right of recovery under the securities laws. Accordingly, Claimants waived any and all rights they may have had against Stokes because of their failure to timely complain of the alleged wrongdoing;
3. The Claimants cannot recover from Stokes because they are more than 50% responsible for their alleged damages;
4. The Claimants' Claims are barred, in whole or in part, by the doctrines of proportional, contributory, and/or comparative negligence;
5. The Claimants' claims are barred, in whole or in part, by the doctrines of intervening and/or superseding cause;
6. The Claimants' claims are barred, in whole or in part, by their failure to take appropriate and necessary steps to mitigate their alleged damages;
7. The Claimants knowingly, willingly and voluntarily assumed the risk of investing in the investments at issue;
8. The Claimants' damage calculations are overstated and should be limited to recovery of "out-of-pocket losses" or actual damages;
9. The Claimants' claims are barred, in whole or in part, by the doctrines of laches, unclean hands and/or estoppel; and,
10. The Claimants' damages, if any, were caused by the acts of omissions of third parties over whom Stokes had no control.

RELIEF REQUESTED

Claimants John and Betty Musal requested:

Compensatory Damages	\$ 60,000.00
Punitive Damages	\$ 300,000.00
Interest	To be determined by the Panel

Attorneys' Fees	To be determined by the Panel
Other Costs	To be determined by the Panel
Other Monetary/Non-Monetary Relief if any:	To be determined by the Panel

Respondent Jones & Co. requested that the Panel dismiss the Claimants' Claims in their entirety and assess the cost of this arbitration against the Claimants.

Respondent Stokes requested that the Claimants' claims for relief be dismissed with prejudice and that Stokes be awarded costs and attorneys' fees associated with defending this claim.

OTHER ISSUES CONSIDERED AND DECIDED

On December 1, 2003, after review of pleadings regarding Claimants' Motion to Amend, the Panel determined that the Motion would be denied.

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. Respondents Edward D. Jones & Co. and Richard G. Stokes are jointly and severally liable for and shall pay to the Claimants, John and Betty Musal, the sum of \$46,000.00 in compensatory damages, plus interest at the rate of 10% per annum accruing from the date of service of the award until the sum is paid in full;
2. In addition, Respondents Edward D. Jones & Co. and Richard G. Stokes are jointly and severally liable for and shall pay to the Claimants, John and Betty Musal, the sum of \$40,000.00 as attorneys' fees. In deciding to award attorneys' fees, the Panel considered the arguments of counsel and the pleadings filed in the above matter, and determined that authority existed for an award of attorneys' fees to the Claimants;
3. Furthermore, Respondents Edward D. Jones & Co. and Richard G. Stokes are jointly and severally liable for and shall pay to the Claimants, John and Betty Musal, the sum of \$3,500.00 as expert witness fees;
4. Respondents Edward D. Jones & Co. and Richard G. Stokes are also jointly and severally liable for and shall pay to the Claimants, John and Betty Musal, the sum of \$2,500.00 as costs;
5. The parties shall bear their own additional costs of arbitration, including any additional attorneys' fees, except for those sums specifically awarded herein; and,
6. Any and all relief not specifically addressed herein, including punitive damages, is 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 = \$ 300.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Edward D. Jones & Co. is a party and the following member fees are assessed:

Member surcharge = \$ 1,700.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 2,750.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed: None

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 Panel @ \$1,125.00	= \$ 1,125.00
Pre-hearing conference: July 11, 2003 1 session	
Five (5) Hearing sessions @ \$1,125.00	= \$ 5,625.00
Hearing Dates: December 3, 2003 2 sessions	
December 4, 2003 2 sessions	
December 5, 2003 1 session	
<hr/> Total Forum Fees	<hr/> = \$ 6,750.00

The Panel has assessed \$6,750.00 of the forum fees jointly and severally to Respondents Edward D. Jones & Co. and Richard G. Stokes.

EEE SUMMARY

Claimants John and Betty Musal are jointly and severally liable for:

Initial Filing Fee (waived by NASD December 2, 2002)	= \$ 300.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

Member Fees = \$ 5,200.00

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Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents Edward D. Jones & Co. and Richard G. Stokes are jointly and severally liable for


Forum Fee	= \$ 6,750.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 6,750.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Donald C. Hood - Public Arbitrator, Presiding Chairperson
 Sanford D. Sanes - Public Arbitrator
 Kurt L. Smith - Non-Public Arbitrator

Concurring Arbitrators' Signatures



Donald C. Hood
 Public Arbitrator, Presiding Chairperson

1.6.04
 Signature Date

Sanford D. Sanes
 Public Arbitrator

Signature Date

Kurt L. Smith
 Non-Public Arbitrator

Signature Date

1/8/04 mcr
 Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

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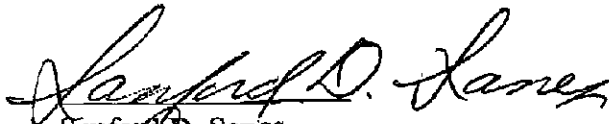
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Signature Date

Sanford D. Sanes
Public Arbitrator

Signature Date



Kurt L. Smith
Non-Public Arbitrator

1/5/04
Signature Date

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