

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Name of Claimant

Dorothy A. Haber Trust

and

03-00779
Phoenix, Arizona

Name of Respondents

A.G. Edwards & Sons, Inc.
Michael N. Solomon

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

REPRESENTATION OF PARTIES

For Claimant Dorothy Haber: Roger J. Buffington, Buffington & Bowling, LLP, 2151 Michelson Drive, Suite 232, Irvine, CA 92612

For Respondents A.G. Edwards & Sons, Inc. and Michael Solomon: David M. Minnick, Vice President and Counsel; A.G. Edwards & Sons, Inc.; St. Louis, Missouri.

CASE INFORMATION

Statement of Claim of Dorothy Haber filed on or about January 27, 2003.

Uniform Submission Agreement of Michael Solomon filed March 3, 2003.

Uniform Submission Agreement of A. G. Edwards & Sons, Inc. filed March 31, 2003.

Answer of Respondent A.G. Edwards & Sons, Inc. filed April 3, 2003.

CASE SUMMARY

On or about January 27, 2003, the Claimant filed her Statement of Claim in arbitration before the NASD-DR against A.G. Edwards & Sons, Inc. and Michael Solomon, alleging breach of fiduciary duty, common law fraud, securities fraud under state and federal law, negligence, breach of contract, unauthorized trading, and of unsuitable recommendations, including the use of excessive margin leverage, based upon her age and conservative investment preferences. The Claimant alleged excessive and unauthorized trading utilizing margin, which increased the level of churning and

losses in the account. Claimant sought damages in the amount of \$175,000.00 for rescission of all unauthorized trades, punitive damages, interest and costs.

Respondents denied each of the Claimant's allegations, stating that the Claimant was suitable for the recommendations made to her at the time, and was fully aware of the risks she was taking. Respondents also asserted the following affirmative defenses, among others:

1. Claimant at all times retained authority for all transactions in her accounts. Her accounts with Respondents were non-discretionary, and Respondents satisfied all obligations owed to the Claimant.

2. No cause of action is recognized for a violation of securities industry self-regulatory rules, which includes the regulatory obligation to supervise the firm's registered personnel. Inasmuch as no cause of action is recognized for this regulatory obligation, the Statement of Claim fails to state a claim for which relief can be granted, and should be dismissed.

3. The Claimant's Statement of Claim is barred with respect to a claim for churning because: the Claimant retained control over her accounts and the accounts were not controlled by Solomon or by Edwards; the trading in the accounts was not excessive in light of the indicated investment objectives of the Claimant and the Respondents did not act with scienter, nor were the transactions in her accounts executed solely for the purpose of generating excessive commissions.

4. As a result of Claimant's failure to notify the Respondents of the alleged acts and omissions of which she complained promptly after receipt of written confirmations, monthly statements and other documents evidencing or setting forth transactions in her accounts, and, in any event, promptly after Claimant discovered or reasonably should have discovered the alleged acts or omissions, the Claimant is barred from recovering under the doctrines of ratification, accounts stated, estoppel, waiver and laches because Respondents relied upon Claimant's silence and inaction.

5. Claimant failed to act promptly and with due diligence to mitigate her damages after she knew or should have known of the alleged acts and omissions of which she complains. To the extent Claimant alleges damages were sustained after such time, she is barred from recovering any such damages.

RELIEF REQUESTED

Claimant requested damages of \$175,000.00; plus disgorgement of commissions, lost opportunity, interest, punitive damages, all costs, expenses and disbursements, including attorney fees and expert witness fees.

Respondents requested that the claims be dismissed in their entirety; the permanent registration records maintained by the CRD for Solomon be expunged with respect to reference of this

arbitration; and for such other relief as the Arbitration Panel deemed proper.

OTHER ISSUES CONSIDERED & DECIDED

On or about June 2, 2004, the parties informed NASD Dispute Resolution, Inc. that they had entered into a settlement agreement.

On or about June 18 2004, the parties filed with NASD Dispute Resolution, Inc. a joint motion to approve this Stipulated Award and that the undersigned arbitrators (the "Panel") enter an Order expunging all references to this case from the Central Registration Depository ("CRD") records of Solomon.

The parties have agreed that the Stipulated Award in this matter may be executed in counterpart copies. The parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution (the "NASD").

AWARD

After considering the pleadings and the stipulation of the parties, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination and find as follows:

1. All claims against Respondents Edwards and Solomon are hereby dismissed with prejudice.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Michael N. Solomon's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Michael N. Solomon must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
4. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees, not specifically awarded or otherwise provided for above.

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(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(s) is A.G. Edwards & Sons, Inc.

Member surcharge	\$	1,700.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	2,750.00
Total Member Fees	\$	<u>5,200.00</u>

Forum Fees and Assessments

The Arbitration Panel assesses 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:

2 Pre-hearing session(s) with Panel	x	1,125.00	\$	2,250.00
December 3, 2003	1	session		
May 12, 2004	1	session		
Total Forum Fees			\$	<u>2,250.00</u>

The Arbitration Panel has assessed \$1,125.00 of the forum fees to Dorothy A. Haber Trust.

The Arbitration Panel has assessed \$1,125.00 of the forum fees jointly and severally to A.G. Edwards & Sons, Inc. and Michael N. Solomon.

Fee Summary

Claimant, Dorothy A. Haber Trust, shall be and hereby is liable for:

Initial Filing Fee	= \$	300.00
<u>Forum Fees</u>	= \$	1,125.00
Total Fees	= \$	1,425.00
<u>Less payments</u>	= \$	-1,425.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondent, A.G. Edwards & Sons, Inc., shall be and hereby is liable for:

Member Fees	= \$	5,200.00
Total Fees	= \$	5,200.00
<u>Less payments</u>	= \$	-5,200.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondents, A.G. Edwards & Sons, Inc. and Michael N. Solomon shall be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$	1,125.00
Total Fees	= \$	1,125.00
<u>Less payments</u>	= \$	-0.00
Balance Due NASD Dispute Resolution	= \$	1,125.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Seymour A. Kolman, Esq. - Public Arbitrator, Presiding Chair
I. Douglas Dunipace, Esq. - Public Arbitrator
Jack Gunter - Non-Public Arbitrator

NASD Dispute Resolution
Arbitration No. 03-00779
Stipulated Award Page 6 of 6

Concurring Arbitrators:

/s/ Seymour A. Kolman

Seymour A. Kolman, Esq.
Public Arbitrator, Presiding Chair

June 24, 2004

Signature Date

/s/ I. Douglas Dunipace

I. Douglas Dunipace, Esq.
Public Arbitrator

June 23, 2004

Signature Date

/s/ Jack Gunter

Jack Gunter
Non-Public Arbitrator

June 24, 2004

Signature Date

Date of Service: 6.28.04

NASD Dispute Resolution
Arbitration No. 03-00779
Stipulated Award Page 6 of 6

Concurring Arbitrators:


Seymour A. Kolman, Esq.
Public Arbitrator, Presiding Chair

6/24/04
Signature Date

I. Douglas Dunipace, Esq.
Public Arbitrator

Signature Date

Jack Gunter
Non-Public Arbitrator

Signature Date

06/23/2004 12:08 FAX

NASD

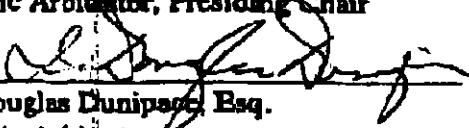
007/007

NASD Dispute Resolution
Arbitration No. 03-00779
Suggested Award Page 6 of 6

Concurring Arbitrators:

Seymour A. Kolman, Esq.
Public Arbitrator, Presiding Chair

Signature Date


I. Douglas Dunipace, Esq.
Public Arbitrator

6-23-04
Signature Date

Jack Gunter
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution
Arbitration No: 03-00779
Stipulated Award Page 6 of 6

Concurring Arbitrators:

Seymour A. Kolman, Esq.
Public Arbitrator, Presiding Chair

Signature Date

I. Douglas Dunipace, Esq.
Public Arbitrator

Signature Date



Jack Gunter
Non-Public Arbitrator

6-24-04
Signature Date