

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Thomas M. Anderson

and

03-02071
Phoenix, Arizona

Name of Respondents

A.G. Edwards & Sons, Inc.

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

Thomas M. Anderson ("**Claimant**") appeared *pro se*.

A.G. Edwards & Sons, Inc. ("**Respondent**") was represented by Michael Naccarato, Esq., A.G. Edwards & Sons, Inc., St. Louis, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about March 21, 2003. Claimant's Response to Statement of Answer of A.G. Edwards & Sons, Inc. was filed on or about June 3, 2003. Submission Agreement of Claimant Thomas M. Anderson was signed on March 18, 2003.

Statement of Answer was filed by Respondent A.G. Edwards & Sons, Inc. on or about May 15, 2003. Submission Agreement of Respondent A.G. Edwards & Sons, Inc. was signed on May 14, 2003 by Stephen G. Sneeringer.

CASE SUMMARY

The following causes of action were asserted: unsuitable investment recommendations, negligence, breach of fiduciary duty/betrayal of trust, and failure to respond to Owner's concerns. Claimant specifically alleged that Respondent through its Financial Advisor, Paul R. Freudenberger:

- Invested a large portion (up to 80%) in common stocks, most of which were speculative and unproven; definitely not suitable or recommended for an IRA investment;
- Failed to establish or follow, an IRA sound, Asset Allocation plan designed to meet the Owner's need;

- Failed to take capital preservation measures.

Respondent denied the allegations set forth in the Statement of Claim. Respondent specifically stated:

Claimant, an active trader, initiated the majority of the transactions in his individual retirement account. When Claimant transferred from Dean Witter Reynolds in March of 1997, he transferred more than thirty different equity positions, including Collagen Asthetics Inc.; SmartFlex Systems; Scana Corporation; Nucor Corporation and Trizec Hahn Corporation to his A.G. Edwards account. He also transferred taxable bonds, mutual funds, and limited partnerships from Dean Witter Reynolds to A.G. Edwards.

Claimant either initiated or approved each and every transaction in his account. He was a frequent visitor/caller to the office who would tell Mr. Freudenberger what to buy/sell or would request additional information about an investment that he heard or read about, ...

When Mr. Freudenberger made a recommendation to Claimant, it was usually an investment followed by A.G. Edwards' Research Department. More importantly, it was always consistent with Claimant's financial resources, risk tolerance and investment objectives.

Contrary to Claimant's allegations that he failed to take "capital preservation measures," Mr. Freudenberger recommended the use of stop loss orders to the Claimant in order to limit his losses. Claimant rejected this recommendation, however, because he felt it would limit his upside potential.

RELIEF REQUESTED

Claimant requested an award in the total amount of \$570,000.00.

Respondent requested that the claims asserted be dismissed with prejudice, an award of all costs and expenses incurred in this matter, and for such other relief as the arbitrators deem appropriate.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, 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, the testimony, and the evidence presented at the hearing and the post-hearing submissions, if any, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. The claims asserted in this matter shall be and hereby are dismissed in their entirety.
2. 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.
3. 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 = \$375.00

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	\$	2,250.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	4,000.00
Total Member Fees	\$	<u>7,000.00</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:

1	Pre-hearing session(s) with a single arbitrator	x	\$450.00	\$	450.00
	January 9, 2004	1	session		
1	Pre-hearing session(s) with Panel	x	1,200.00	\$	1,200.00
	October 1, 2003	1	session		
3	Hearing sessions	x	1,200.00	\$	3,600.00
	March 30, 2004	2	sessions		
	March 31, 2004	1	session		
	Total Forum Fees			\$	5,250.00

The Arbitration Panel has assessed \$5,250.00 of the forum fees to Thomas M. Anderson.

The Arbitration Panel has assessed \$0.00 of the forum fees to A.G. Edwards & Sons, Inc..

Fee Summary

Claimant, Thomas M. Anderson, shall be and hereby is liable for:

Initial Filing Fee	= \$	375.00
<u>Forum Fees</u>	= \$	5,250.00
Total Fees	= \$	5,625.00
<u>Less payments</u>	= \$	-1,575.00
Balance Due NASD Dispute Resolution	= \$	4,050.00

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

Member Fees	= \$	7,000.00
Total Fees	= \$	7,000.00
<u>Less payments</u>	= \$	-7,000.00
Balance Due NASD Dispute Resolution	= \$	0.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

William M. Howard, J.D., Ph.D - Public Arbitrator, Presiding Chair
Allan E. Fonfara, CPA - Public Arbitrator
Stephen E. Lyders - Non-Public Arbitrator


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Concurring Arbitrators:


William M. Howard, J.D., Ph.D
Public Arbitrator, Presiding Chair

April 12, 2004
Signature Date

Allan E. Fonfara, CPA
Public Arbitrator

Signature Date

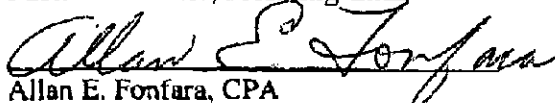
Stephen E. Lyders
Non-Public Arbitrator

Signature Date

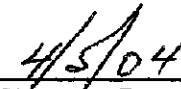
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Public Arbitrator, Presiding Chair


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Non-Public Arbitrator

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Public Arbitrator, Presiding Chair

Signature Date

Allan E. Fonfara, CPA
Public Arbitrator

Signature Date


Stephen E. Lyders
Non-Public Arbitrator

4-6-04
Signature Date