

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 03-6199

Kay P. Collings
Cinda R. Anderson

Names of the Respondents

Hearing Site: Charlotte, North Carolina

A.G. Edwards & Sons, Inc.
Catherine Threat
Alan H. Shaw

Nature of the Dispute: Customers vs. Member and Associated Persons.

REPRESENTATION OF PARTIES

Claimants, Kay P. Collings ("Collings") and Cinda R. Anderson ("Anderson"), hereinafter collectively referred to as "Claimants", were represented by John F. Beach, Esq., Ellis, Lawhorne & Sims, Columbia, South Carolina.

Respondents, A.G. Edwards & Sons, Inc. ("A.G. Edwards & Sons"), Catherine Threat ("Threat") and Alan H. Shaw ("Shaw"), hereinafter collectively referred to as "Respondents", were represented by Brent J. Burtin, Esq., A.G. Edwards & Sons, Inc., St. Louis, Missouri.

CASE INFORMATION

Statement of Claim filed on August 26, 2003.

Claimant Collings signed the Uniform Submission Agreement on August 10, 2003.

Claimant Anderson signed the Uniform Submission Agreement on August 11, 2003.

Claimant Collings Amended Statement of Claim filed on June 25, 2004.

Claimant Collings signed an Amended Uniform Submission Agreement on June 21, 2004.

Statement of Answer and Motion for More Definite Statement of Claim filed by Respondents on October 22, 2003.

Amended Statement of Answer filed on July 21, 2004.

Respondent Shaw signed the Uniform Submission Agreement on October 15, 2003.

Respondent Threat signed the Uniform Submission Agreement on October 15, 2003.

A representative of Respondent executed the Uniform Submission Agreement on October 28, 2003.

Respondents' Motion to Sever filed on October 13, 2003.

Claimants' Response to the Motion to Sever file on October 29, 2003.

Claimant's Response to the Motion for More Definite Statement of Claim filed on November 10, 2003.

The Parties Joint Motion to Reconsider Respondents' Motion to Sever and Motion for Stipulated Award filed on October 15, 2004.

CASE SUMMARY

Claimant in their Statement of Claim alleged, among other things, that Respondents recommended the Claimants purchase unsuitable Class B mutual fund shares, which resulted in significant investment losses to each of them. Claimant Collings alleged that she retired in the fall of 1999 from Eastman Kodak/Eastman Chemical ("Eastman"), and shortly thereafter was referred to the Respondents, seeking investment advice for the Kay P. Collings IRA. Claimant Anderson alleged that she retired from Eastman in the fall of 2000 and sought assistance with managing the Cinda R. Anderson IRA. Both Claimants alleged that investments recommended by Respondents and made in 2000 declined substantially in value until ultimately Claimant Anderson transferred her IRA accounts to another firm and away from Respondents in October of 2001. Claimant Anderson alleged that as of that time her IRA had experienced a loss of more than \$170,000.00. Claimant Collings alleged that her IRA accounts declined in value, and that by October 2002, she transferred her IRA accounts to another firm and away from Respondents. By that time Claimant Collings alleged that her IRA accounts had experienced a loss of more than \$375,000.00. Claimants alleged a number of legal causes of action, including violations of state and federal securities laws, breach of fiduciary duty, negligence and other claims.

In their Statement of Answer, the Respondents asserted that the Claimants were suitable for the recommendations made to them at the time, and were fully aware of all of the risks they were assuming in their quest for profits. The Respondents also alleged that the Claimants had significant prior investment history, and that the decline in the value of the Claimants investments was primarily the result of adverse market conditions and the timing of the Claimants' investments. The Respondents further alleged that Claimants were fully apprised of the costs, risks and benefits of the different classes of mutual fund shares, and, seeking to avoid up-front charges associated with Class A shares, chose instead to purchase Class B shares, anticipating a long-term investment approach. The Respondents also asserted a number of affirmative defenses, including: (1) The Claimants at all times retained authority for all transactions in their accounts. The Claimants' accounts with Respondents were non-discretionary, and under *Leib vs. Merrill Lynch*, 461 F.Supp. 951 (E. D. Mich. 1978), aff'd. 647 F.2d 165 (6th Cir. 1981) and *Thompson vs. Smith Barney Harris Upham & Co.* 709 F.2d 1413 (11th Cir. 1983), Respondents satisfied all obligations owed to Claimants; (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; (3) The Claimants ratified the alleged conduct about which they complain and, therefore, their claims are barred; (4) The Claimants' claims are barred in full or in part by applicable statutes of limitation; (5) The Claimants are barred from any recovery by application of the doctrines of laches, waiver, ratification, estoppel and failure to mitigate

damage; and (6) The Claimants are barred from any recovery based upon their contributory and/or comparative negligence.

RELIEF REQUESTED

In the Statement of Claim, Claimant Collings sought compensatory damages for her IRA accounts of at least \$416,205.20 and Claimant Anderson sought compensatory damages for her IRA accounts of at least \$203,375.44. Both Claimants also sought attorneys' fees, costs, interest and punitive damages.

Respondents in their Statement of Answer requested that the Statement of Claim be dismissed, that all costs be assessed against Claimants, and that the Respondents Threatt and Shaw's records be expunged.

OTHER ISSUES CONSIDERED AND DECIDED

By Order dated May 21, 2004, the Panel denied Respondents' Motion for More Definite Statement of Claim and granted Respondents' Motion to Sever. Claimant Anderson's claims were severed.

Prior to the hearing, the Parties fully and finally settled all claims by and between them. The Panel subsequently granted the Parties request to reconsolidate Claimant Anderson's claim with this matter and consider the parties Stipulated Award. Therefore, the Parties submit this Stipulated Award to the Panel for its consideration and request that it be entered.

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

AWARD

Pursuant to the above, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. All claims against Respondents are hereby dismissed with prejudice;
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondents Threatt's and Shaw'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, Respondents Threatt and Shaw must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and

4. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

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 firms that employed the associated person(s) at the time of the events giving rise to the dispute. Accordingly, Respondent A.G. Edwards is a party.

Member surcharge = \$2,250.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$4,000.00

Total Member Fees = \$7,000.00

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:

Two (2) Pre-hearing sessions with Panel @ \$1,200.00 = \$2,400.00

Pre-hearing conferences: February 13, 2004 1 session

May 18, 2004 1 session

Total Forum Fees = \$2,400.00

1. The Panel has assessed \$1,200.00 of the forum fees jointly and severally to Claimants.
2. The Panel has assessed \$1,200.00 of the forum fees jointly and severally to Respondents.

FEE SUMMARY

1. Claimants are jointly and severally assessed and shall pay the following fees:

Initial Filing Fee = \$ 375.00

Forum Fees = \$1,200.00

Total Fees = \$1,575.00

Less payments = \$1,575.00

Balance Due NASD Dispute Resolution = \$ 0.00

2. Respondent A.G. Edwards is assessed and shall pay the following fees:

Member Fees = \$7,000.00

Total Fees	= \$7,000.00
Less payments	= \$7,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally assessed and shall pay the following fees:

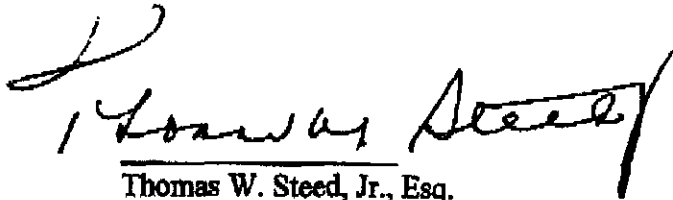
Forum Fees	= \$1,200.00
Total Fees	= \$1,200.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$1,200.00

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

ARBITRATION PANEL

Thomas W. Steed, Jr., Esq.	-	Public Arbitrator, Presiding Chairperson
Benjamin F. Richards, Jr.	-	Public Arbitrator, Panelist
Robert Shiffra, Esq.	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures


Thomas W. Steed, Jr., Esq.
Public Arbitrator, Presiding Chairperson

6/29/2005
Signature Date

Benjamin F. Richards, Jr.
Public Arbitrator, Panelist

Signature Date

Robert Shiffra, Esq.
Non-Public Arbitrator, Panelist

Signature Date

June 30, 2005
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

Thomas W. Steed, Jr., Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Benjamin F. Richards, Jr.

Benjamin F. Richards, Jr.
Public Arbitrator, Panelist

June 29, 2005

Signature Date

Robert Shiffra, Esq.
Non-Public Arbitrator, Panelist

Signature Date

June 30, 2005

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

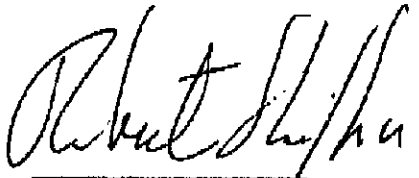
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Public Arbitrator, Presiding Chairperson

Signature Date

Benjamin F. Richards, Jr.
Public Arbitrator, Panelist

Signature Date


Robert Shiffra, Esq.
Non-Public Arbitrator, Panelist

6-30-05
Signature Date

June 30, 2005
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