

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimants

Derek A. Rabe, Individually and as Custodian;
and Julia Rabe, Individually and as Custodian.

and

Case Number: 04-01953
Hearing Site: Chicago, Illinois

Respondents

A.G. Edwards, & Sons Inc., and Quinton
Koch

NATURE OF DISPUTE

Customers v. Member and Associated Person.

REPRESENTATION OF PARTIES

Derek Rabe and Julia Rabe, ("Claimants"), were represented by David M. Hicks, Esq., of Hicks & Associates, located in Maryville, Illinois.

A.G. Edwards, & Sons Inc., ("AGE"), and Quinton Koch, ("Koch"), ("Respondents"), were represented by Michael Naccarato, Esq., of A.G. Edwards & Sons, Inc., located in St. Louis, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about March 22, 2004. The Submission Agreement of Claimants were signed on or about April 28, 2004.

The Joint Statement of Answer was filed by the Respondents on or about June 22, 2004. The Submission Agreement of Respondent AGE was signed on or about June 21, 2004. The Submission Agreement of Respondent Koch was signed on or about May 18, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: unsuitability; failure to diversify; material misrepresentation or omission; breach of fiduciary duty; negligence; wrongful guarantee and promise; bad advise and research; and failure to supervise. The causes of action relate to the purchase of stocks, IRA's and mutual funds.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants failed to timely object to the transactions; all of the transactions in Claimants' accounts were executed with the express authorization of Claimants; Claimants did not mitigate their alleged damages; Claimants failed to exercise the degree of care over their affairs and investments which an ordinary prudent investor would exercise; Claimants assumed the risks of the transactions; the damages suffered by Claimants, if any, were caused by unforeseeable market factors; Claimants fail to state a cause of action for which relief may be granted.

RELIEF REQUESTED

Claimant requested an award in the amount of \$85,000.00 in compensatory damages and \$15,000.00 in punitive damages.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees. Respondent Koch requested an expungement from his CRD records.

OTHER ISSUES CONSIDERED & DECIDED

The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Quinton Koch's registration records maintained by the NASD Central Registration Depository ("CRD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Claimants' claims against Respondents, A.G. Edwards, Sons Inc., and Quinton Koch are dismissed in their entirety with prejudice;
- 2.) Respondent Quinton Koch's request for an expungement is denied;
- 3.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and,
- 4.) Any relief not specifically enumerated, including punitive damages and attorney attorneys fees, is hereby denied with prejudice.

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 that employed the associated person at the time of the event giving rise to the dispute. In this matter, the member firm is A.G. Edwards, & Sons, Inc.
Inc.

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

Adjournment Fees

Adjournments requested during these proceedings:

February 22, February 24, adjournment by the Claimants = \$ 750.00

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:

One (1) Pre-hearing session with Panel x \$750.00		= \$ 750.00
Pre-hearing conference: October 13, 2004	1 session	
Four (4) Hearing sessions x \$ 750.00		= \$3,000.00
Hearing Date(s): April 27, 2005	2 sessions	
April 28, 2005	2 sessions	
Total Forum Fees		= \$3,750.00

The Arbitration Panel has assessed \$1,875.00 of the forum fees to Claimants Derek Rabe and Julia Rabe.

The Arbitration Panel has assessed \$1,875.00 of the forum fees to Respondents A.G. Edwards, Inc., and Quinton Koch jointly and severally.

Fee Summary

Claimants, Derek A. Rabe and Julia Rabe, are jointly and severally liable for:

Initial Filing Fee	= \$ 225.00
Adjournment fee	= \$ 750.00
Forum Fees	= \$1,875.00
Total Fees	= \$2,850.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$ 1875.00

Respondent, AGE, is liable for:

Member Fees	= \$ 3,550.00
Total Fees	= \$ 3,550.00
Less payments	= \$ 3,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, AGE, and Koch are jointly and severally liable for:

Forum Fees	= \$ 1,875.00
Less payments	= \$ 0.00
Balance due to NASD Dispute Resolution	= \$ 1,875.00

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

ARBITRATION PANEL

David J. Langseth - Public Arbitrator, Presiding Chair
Robin David, Esq. - Public Arbitrator
Craig D. Cook - Non-Public Arbitrator

Concurring Arbitrators:

David J. Langseth
Public Arbitrator, Presiding Chair

Signature Date

Robin David, Esq.
Public Arbitrator

Signature Date

Craig D. Cook

Signature Date

Non-Public Arbitrator

May 17, 2005

Date of Service (For NASD office use only)

NASD Dispute Resolution
Arbitration No. 04-01853
Award Page 4 of 5

Fee Summary

Claimants, Derek A. Rabe and Julia Rabe, are jointly and severally liable for:

Initial Filing Fee	= \$ 225.00
Adjournment fee	= \$ 750.00
Forum Fees	= \$ 1,875.00
Total Fees	= \$ 2,850.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$ 1,875.00

Respondent, AGE, is liable for:

Member Fees	= \$ 3,550.00
Total Fees	= \$ 3,550.00
Less payments	= \$ 3,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, AGE, and Koch are jointly and severally liable for:

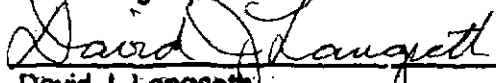
Forum Fees	= \$ 1,875.00
Less payments	= \$ 0.00
Balance due to NASD Dispute Resolution	= \$ 1,875.00

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

ARBITRATION PANEL

David J. Langseth - Public Arbitrator, Presiding Chair
Robin David, Esq. - Public Arbitrator
Craig D. Cook - Non-Public Arbitrator

Concurring Arbitrators:


David J. Langseth
Public Arbitrator, Presiding Chair

May 10, 2005
Signature Date

Robin David, Esq.
Public Arbitrator

Signature Date

Craig D. Cook

Signature Date

NASD Dispute Resolution
Arbitration No. 04-01853
Award Page 4 of 5

Fee Summary

Claimants, Derek A. Rabe and Julia Rabe, are jointly and severally liable for:

Initial Filing Fee	= \$ 225.00
Adjournment fee	= \$ 750.00
Forum Fees	= \$1,875.00
Total Fees	= \$2,850.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$ 1875.00

Respondent, AGE, is liable for:

Member Fees	= \$ 3,550.00
Total Fees	= \$ 3,550.00
Less payments	= \$ 3,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, AGE, and Koch are jointly and severally liable for:

Forum Fees	= \$ 1,875.00
Less payments	= \$ 0.00
Balance due to NASD Dispute Resolution	= \$ 1,875.00

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

ARBITRATION PANEL

David J. Langseth - Public Arbitrator, Presiding Chair
Robin David, Esq. - Public Arbitrator
Craig D. Cook - Non-Public Arbitrator

Concurring Arbitrators:

David J. Langseth
Public Arbitrator, Presiding Chair

Signature Date

Robin David, Esq.
Public Arbitrator

Signature Date

Craig D Cook
Craig D. Cook

5/9/05
Signature Date

Fee Summary

Claimants, Derek A. Rabe and Julie Rabe, are jointly and severally liable for:

Initial Filing Fee	= \$ 225.01
Adjournment fee	= \$ 750.01
Forum Fees	= \$1,875.01
Total Fees	= \$2,850.01
Less payments	= \$ 975.01
Balance Due NABD Dispute Resolution	= \$ 1875.00

Respondent, AGE, is liable for:

Member Fees	= \$ 3,550.01
Total Fees	= \$ 3,550.01
Less payments	= \$ 3,550.01
Balance Due NABD Dispute Resolution	= \$ 0.00

Respondent, AGE, and Koch are jointly and severally liable for:

Forum Fees	= \$ 1,875.01
Less payments	= \$ 0.01
Balance due to NABD Dispute Resolution	= \$ 1,875.00

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

ARBITRATION PANEL

David J. Langeath - Public Arbitrator, Presiding Chair
Robin David Esq. - Public Arbitrator
Craig D. Cook - Non-Public Arbitrator

Concurring Arbitrators:

David J. Langeath
Public Arbitrator, Presiding Chair

Robin David, Esq.
Public Arbitrator

Craig D. Cook

Signature Date

5-17-05
Signature Date

Signature Date