

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Jean D. Kennedy TTEE U/A Dtd 4/27/98
and Jean D. Kennedy, Individually

and

Case Number: 04-03032
Hearing Site: Omaha, Nebraska

Names of Respondents

A.G. Edwards & Sons, Inc.
and Bret D. Salomon

NATURE OF DISPUTE

Customers v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Jean D. Kennedy TTEE U/A Dtd 4/27/98 and Jean D. Kennedy, Individually, "Claimants" were represented by Raymond R. Aranza, Esq, Brown & Brown, P.C., L.L.O., Omaha, Nebraska.

A.G. Edwards & Sons, Inc. ("A.G. Edwards") and Bret D. Salomon ("Salomon") hereinafter collectively referred to as "Respondents," were represented by William S. Port, Esq., A.G. Edwards & Sons, Inc., St. Louis, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about April 26, 2004. The Submission Agreement of Claimants was signed on or about April 23, 2004.

The Statement of Answer was filed jointly by Respondents on or about June 24, 2004. The Submission Agreement of A.G. Edwards was signed on or about June 6, 2004 by William S. Port. The Submission Agreement of Salomon was signed on or about August 31, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; misrepresentations/non-disclosures; omission of facts; manipulations; and suitability. The

causes of action related to recommendations concerning Lucent Technology stock in Claimant's 401(k). Claimant Kennedy alleged that Respondents did not inform her of the risks involved in investing in the Lucent stock, which led to significant losses. Claimant Kennedy also alleged that the Respondents failed to diversify her investments in her 401(k) Savings Plan.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim, asserted that they owed no duty to Claimant Kennedy with respect to her 401(k) which was not held at A.G. Edwards, asserted that they fulfilled any duties owed to Claimants, and asserted affirmative defenses including the following: Claimants failed to act promptly and with due diligence to mitigate their damages after Claimants knew or should have known of the alleged acts and omissions of which Claimants complained; to the extent Claimants alleged damages were sustained after such time, Claimants are therefore barred from recovering such damages; the damages allegedly suffered by Claimants were caused, if at all, by unforeseeable market factors and conditions effecting the value of securities in Claimants' account, for which A.G. Edwards is not liable or responsible; and the Statement of Claim and each count thereof, failed to state a claim against A.G. Edwards upon which relief can be granted.

RELIEF REQUESTED

Claimants requested an award in the amount of \$700,000.00 in compensatory damages, plus punitive damages, costs and attorneys' fees and other relief the panel deemed just and proper.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees and other relief the panel deemed just and proper.

OTHER ISSUES CONSIDERED & DECIDED

At the hearing, Claimants orally moved to Amend their Statement of Claim to include losses sustained in Lucent that were in the A.G. Edwards account. The Panel denied their request.

At the end of the hearing, Respondent Salomon orally requested that the Panel enter an order recommending expungement of his CRD records of all references to this proceeding.

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 NASD Dispute Resolution ("NASD").

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, each and all, against Respondents, A.G. Edwards & Sons, Inc. and Bret D. Salomon, are dismissed with prejudice;
- 2) Respondent, Bret D. Salomon's, request for an order expunging this arbitration from his CRD records has been 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 attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee 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 that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firm is A.G. Edwards & Sons, Inc.

Member surcharge = \$2,250.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$4,000.00

Adjournment Fees

Adjournments granted during these proceedings:

July 27-29, 2005 adjournment requested by Claimants = \$1,200.00

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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with Panel x \$1,200.00	= \$2,400.00
Pre-hearing conferences: October 4, 2004 1 session	
July 21, 2005 1 session	
Four (4) Hearing sessions x \$1,200.00	= \$4,800.00
Hearing Dates: February 22, 2006 2 sessions	
February 23, 2006 2 sessions	
Total Forum Fees	= \$7,200.00

The Arbitration Panel has assessed \$4,200.00 of the forum fees jointly and severally to Jean D. Kennedy TTEE U/A Dtd 4/27/98 and Jean D. Kennedy, Individually.

The Arbitration Panel has assessed \$3,000.00 of the forum fees jointly and severally to A.G. Edwards & Sons, Inc. and Bret D. Salomon.

Fee Summary

Claimants, Jean D. Kennedy TTEE U/A Dtd 4/27/98 and Jean D. Kennedy, Individually, are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Adjournment Fee	= \$1,200.00
Forum Fees	= \$4,200.00
Total Fees	= \$5,775.00
Less payments	= \$1,575.00
Balance Due NASD Dispute Resolution	= \$4,200.00

Respondent, A.G. Edwards & Sons, Inc., is liable for:

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

Respondents, A.G. Edwards & Sons, Inc. and Bret D. Salomon, are jointly and severally liable for:

Forum Fees	= \$3,000.00
Total Fees	= \$3,000.00

Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$3,000.00

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

ARBITRATION PANEL

Jeffrey M. Bain, Esq. - Public Arbitrator, Presiding Chair
Larry R. Trussell - Public Arbitrator
Jeffrey A. Bainbridge - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Jeffrey M. Bain, Esq.
Jeffrey M. Bain, Esq.
Public Arbitrator, Presiding Chair

03/03/06
Signature Date

/s/ Larry R. Trussell
Larry R. Trussell
Public Arbitrator

03/02/06
Signature Date

/s/ Jeffrey A. Bainbridge
Jeffrey A. Bainbridge
Non-Public Arbitrator

03/04/06
Signature Date

03/06/06
Date of Service (For NASD office use only)

Less payments	= \$ 0.00
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Concurring Arbitrators:

Jeffrey M. Bain, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Larry R. Trussell
Public Arbitrator

Signature Date



Jeffrey A. Bainbridge
Non-Public Arbitrator

3/4/06

Signature Date

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Concurring Arbitrators:

Jeffrey M. Bain, Esq.
Public Arbitrator, Presiding Chair



Larry R. Trussell
Public Arbitrator

Signature Date

03-02-2006

Signature Date

Jeffrey A. Bainbridge
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)