

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimants
Michael J. and Kathy M. Geiler

Case Number: 04-03058

Name of the Respondent
Edward D. Jones & Co.

Hearing Site: St. Louis, Missouri

NATURE OF DISPUTE

Customers vs. Member Firm

REPRESENTATION OF PARTIES

David Mee, Esq. of the law firm Woska & Hayes, LLP, located in Kingwood, Texas represented Claimants, Michael J. and Kathy M. Geiler ("Geiler"), hereinafter collectively referred to as "Claimants."

Trae D. Meyr, Esq. of the law firm Greensfelder, Hemker & Gale, P.C., located in St. Louis, Missouri, represented the Respondent, Edward D. Jones & Co., ("Edward Jones"), hereinafter referred to as "Respondent."

CASE INFORMATION

Statement of Claim filed on April 21, 2004. Claimants Geiler jointly signed the Uniform Submission Agreement on April 21, 2004.

Statement of Answer filed by Edward Jones on June 18, 2004. Edward Jones signed the Uniform Submission Agreement on May 7, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract, breach of fiduciary duty, suitability, failure to supervise and violations of securities laws. The causes of action relate to various stocks including Lante Corp., MCI WorldCom, Inc., Lucent Technologies Inc. and Talk Com, Inc. Claimants asserted that these were unsuitable investments. Claimants also asserted that Edward Jones grossly mismanaged Claimants' account by: (1) maintaining their money in unsuitable technology stocks that were high risk and aggressive, without considering the suitability for someone with their retirement plans; (2) using "buy and hold" strategies, even while the investments were declining; and (3) failing to properly recommend any asset allocation, hedge protection or stop loss orders as the market declined.

Unless specifically admitted in its Answer, Edward Jones denied the allegations made in the Statement of Claim and asserted the following defenses:

1. All claims are barred by the statute of limitations.
2. Claimants authorized and instructed Mr. Klossner, broker for Edward Jones, to enter into all of the transactions that Claimants alleged were unsuitable and therefore, claims based on such transactions should be dismissed.
3. The claims asserted in the Statement of Claim are barred by the doctrines of laches, waiver and release.
4. Claimants ratified all transactions that took place in their account and therefore, are barred from recovering any alleged losses resulting from such transactions.
5. To the extent that Claimants have suffered any damages, they are the product of the negligent conduct of Claimants such that some or all of their recovery is barred by those contributory or comparative negligent acts.
6. Claimants failed to mitigate their alleged damages and therefore, are barred from recovering any damages to the extent that such damages could have been prevented had Claimants fulfilled their duty to mitigate.
7. Any claims purportedly based on the NASD and NYSE rules should be dismissed because such regulatory rules do not provide private litigants with a private cause of action.
8. The Statement of Claim fails to state a claim for fraud or negligent misrepresentations because Claimants have failed to allege or identify any misrepresentation made on behalf of Edward Jones or Mr. Klossner in connection with an investment transaction.
9. Claimants' breach of fiduciary duty claim should be dismissed because Claimants held a non-discretionary account and, under the facts of this case, Claimants cannot establish that a fiduciary relationship existed between the parties.
10. Despite Claimants' allegations to the contrary, at all time relevant herein, Edward Jones had adequate supervisory mechanisms and safeguards in place and, at all times relevant herein, Edward Jones acted in accordance with these procedures.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$40,000.00, unspecified amount in punitive damages, costs, attorney's fees, and all other and further relief to which they may be entitled. Claimants submitted at hearing a request and Affidavit for increased damages. The Arbitrator allowed Claimants to increase their damages to a total amount of \$141,233.96.

Respondent Edward Jones requested that the Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

At the hearing of this matter, Respondent Edward Jones made an oral motion for directed verdict on three (3) Counts: suitability; failure to supervise; and attorney's fees. After hearing arguments on this matter, the Arbitrator denied the motion with respect to the issues of suitability and a failure to supervise. However, the Arbitrator determined that attorney's fees paid to the Claimant from the Respondent is barred by the statute of limitations and therefore, granted its request for directed verdict on the issue of attorney's fees.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

1. Respondent, Edward D. Jones & Co., is solely liable for and shall pay to Claimants, Michael J. and Kathy M. Geller, the sum of \$26,000.00 as compensatory damages, plus interest at the rate of 9.00% per annum to accrue from October 1, 2000 until the date of the commencement of this hearing, June 28, 2005.
2. Except as otherwise specified herein, parties shall bear their own costs, including attorneys' fees.
3. Any and all relief not specifically addressed herein, including punitive damages, is denied.

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 | = \$ 175.00 |
|--------------------------|-------------|

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. Accordingly, Edward Jones is a party and is assessed the following fees:

| | |
|-------------------------|--------------|
| Member surcharge | = \$ 875.00 |
| Pre-hearing process fee | = \$ 750.00 |
| Hearing process fee | = \$1,000.00 |

Forum Fees and Assessments

The Arbitrator has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrator, including a pre-hearing conference with the arbitrator, that lasts four (4) hours or less. Fees associated with these proceedings are:

| | |
|--|---------------------|
| Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00 | = \$ 900.00 |
| Pre-hearing conferences: | |
| September 10, 2004 1 session | |
| June 24, 2005 1 session | |
| Five (5) Hearing sessions @ \$450.00 | = \$2,250.00 |
| Hearing Dates: | |
| June 28, 2005 3 sessions | |
| June 29, 2005 2 sessions | |
| Total Forum Fees | = \$3,150.00 |

1. The Arbitrator assessed 100% of the total forum fees in the amount of \$3,150.00 solely to Edward D. Jones & Co.

FEES SUMMARY

| | |
|---|---------------------|
| 1. Claimants, Michael J. and Kathy M. Geiler, are jointly liable for: | |
| Initial Filing Fee | = \$ 175.00 |
| <u>Less payments</u> | <u>= \$ 625.00</u> |
| Refund Due NASD Dispute Resolution | = \$ 450.00 |
| 2. Respondent, Edward D. Jones & Co., is solely liable for: | |
| Member Fees | = \$2,625.00 |
| <u>Forum Fees</u> | <u>= \$3,150.00</u> |
| Total Fees | = \$5,775.00 |
| <u>Less payments</u> | <u>= \$2,625.00</u> |
| Balance Due NASD Dispute Resolution | = \$3,150.00 |

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

ARBITRATION PANEL

Michael S. Hill

- Public Arbitrator, Presiding Chairperson

Concurring Arbitrators' Signature

/s/ Michael S. Hill

Michael S. Hill

Public Arbitrator, Presiding Chairperson

6/30/05

Signature Date

6/30/05

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

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| | |
|------------------------------------|-------------|
| Less payments | = \$ 625.00 |
| Refund Due NASD Dispute Resolution | = \$ 450.00 |

2. Respondent, Edward D. Jones & Co., is solely liable for:

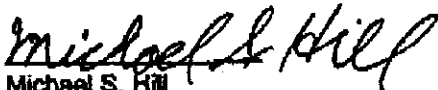
| | |
|-------------------------------------|--------------|
| Member Fees | = \$2,825.00 |
| Forum Fees | = \$3,150.00 |
| Total Fees | = \$5,775.00 |
| Less payments | = \$2,625.00 |
| Balance Due NASD Dispute Resolution | = \$3,150.00 |

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

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