

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimants

Sumner W. Mead and Nancy P. Mead

and

04-06382
Chicago, Illinois

Name of Respondents

John Hancock Funds, LLC
Christopher Sund

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

REPRESENTATION OF PARTIES

Sumner W. Mead and Nancy P. Mead ("**Claimants**") were represented by Sumner Mead.

John Hancock Funds, LLC ("**Respondent JHF**") was represented at the hearing by Genevieve Pluhowski, Esq., John Hancock Funds, LLC, Boston, Massachusetts.

Christopher Sund ("**Respondent Sund**") did not respond to the claims or appear at the hearing.

CASE INFORMATION

The Statement of Claim was filed on or about September 7, 2004. Submission Agreement of Claimant Sumner W. Mead and Nancy P. Mead was signed on September 3, 2004.

Motion to Dismiss was filed by Respondent John Hancock Funds, LLC on or about November 30, 2004.

CASE SUMMARY

Claimants alleged that

Our complaint relates to orders placed with John Hancock Fund on the morning of July 30, 2004.

We placed a call to John Hancock, both of us were on this call, and spoke with Mr. Sund. Mr. Sund took time to verify each of us as we were talking about accounts titled in our names

individually. He further verified the accounts and the positions in question. We made a request to sell all holdings in our accounts with John Hancock. We were given valuations on each account, representing the closing price from the night before. Mr. Sund took all this information, and requested we also write a letter reciting our request, and even dictated the required contents of the letter. The implication was that he wanted something in writing for their files, although we thought the recorded call really was support enough. We prepared that letter and overnighted the letter on July 30th. Based upon our conversation we expected the trades to be placed on July 30th. It has always been our experience that orders placed are executed immediately.

Days later we received correspondence from John Hancock informing us that our letter was not detailed enough and didn't have the required level of signature guarantee affixed. In this letter we were also informed that the trades would not be placed until they were in receipt of our letter satisfying the requirements. We were stunned that our trades were not acted upon, and that we were having to provide their specific requirements before we could get our money from them. Receiving a letter outlining their sales requirements after that requested sales was to us unacceptable. Mr. Sund surely did not make clear to us that nothing would be done the day we called, nor was there any mention of a certain level of signature medallion was required. We are not investment novices, and have never experienced the red tape of John Hancock in selling mutual funds with any other firm.

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

JHF moves to dismiss the Statement of Claim on the following grounds (1) pursuant to the nasd Code of Arbitration, the NASD does not have jurisdiction over this dispute since it makes no claims against JHF but, instead, pertains solely to John Hancock Signature Services, Inc. ("Transfer Agent"), and the Transfer Agent's employee, Christopher Sund ("Sund"); (2) pursuant to NASD Code of Arbitration, JHF is, therefore, not a proper party to this arbitration as the dispute is between the Claimants and Transfer Agent; (3) JHF had no involvement whatsoever in the redemption transaction; and (4) Transfer Agent is not a member of the NASD and Sund is not an NASD-registered representative. Therefore, for the reasons stated above, this matter should be immediately dismissed.

RELIEF REQUESTED

Claimants requested an award in the amount of \$36,436.88.

Respondents requested that the claims asserted against them be dismissed.

OTHER ISSUES CONSIDERED & DECIDED

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, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants failed to show that Respondent, John Hancock Funds, LLC, was responsible for Claimants' loss in value of their securities between July 30, 2004, the date on which Claimants wanted to liquidate their securities accounts, and August 11, 2004, the date their accounts were actually liquidated. Claimants did not show that Christopher Sund, who Respondent John Hancock Funds, LLC stated was an employee of John Hancock Signature Services, Inc., was subject to the jurisdiction of the NASD. Claimants chose not to seek to join John Hancock Signature Services, Inc. as a party to the arbitration, although Claimants were given ample time by the Panel's orders dated April 19, and May 31, 2005 in which to do so.
2. The evidence presented indicated that Claimants' accounts would have been liquidated on August 2, 2004, the date on which their letters directing sale were received by persons representing John Hancock Signature Services, Inc., except that the level of Medallion Guaranty on the letters was inadequate to permit the liquidation of two accounts, each of which was in excess of \$100,000. Two other accounts, each significantly less than \$100,000, could have been liquidated on the basis of the Medallion Guaranty on Claimants' letters of direction received on August 2, 2004. Claimants' evidence indicated that they did not wish to liquidate the smaller accounts separately from the larger accounts.
3. Because John Hancock Signature Services, Inc. and Christopher Sund were not parties properly before the arbitration Panel, no finding was made with respect to these two. The evidence presented shows that Mr. Sund and, through him, his employer John Hancock Signature Services, Inc. advised Claimants orally on July 30, 2004 that a Medallion Guaranty was required for two of Claimant Nancy P. Mead's accounts. However, although Mr. Sund knew the amount of those two accounts, he did not advise Claimants that there are different levels of Medallion Guaranties, or the level of Medallion Guaranty needed for such two accounts. By letter dated August 5, 2004, John Hancock Signature Services, Inc. provided Claimants the information on such levels necessary to permit liquidation of those two accounts on August 11, 2004.

4. Claimants did not present evidence on whether or not John Hancock Signature Services, Inc. and its employee, Mr. Sund, having volunteered certain information on medallion Guaranties on July 30, 2004, had a duty to Claimant Nancy P. Mead to provide the additional information on levels that would have permitted Claimants to liquidate their securities accounts on August 2, 2004. Further inquiry into the reasonableness of Mr. Sund's failure to provide that information, his understanding of Claimants' knowledge in the circumstances, and common understandings and established custom in the industry might show that such a duty existed and that Mr. Sund and his employer, by failing to satisfy that duty on July 30, 2004, caused Claimants to lose the benefit of liquidating their John Hancock Funds accounts as of August 2, 2004.
5. 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.
6. 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 = \$175.00

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 John Hancock Funds, LLC.

Member surcharge	\$	875.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	1,000.00
Total Member Fees	\$	<u>2,625.00</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:

3	Pre-hearing session(s) with a single arbitrator	x	\$450.00	\$	1,350.00
	March 28, 2005	1	session		
	April 19, 2005	1	session		
	May 31, 2005	1	session		
2	Hearing sessions	x	450.00	\$	900.00
	August 9, 2005	2	sessions		
	Total Forum Fees			\$	<u>2,250.00</u>

The Arbitration Panel has assessed \$225.00 of the forum fees to Sumner W. Mead and Nancy P. Mead.

The Arbitration Panel has assessed \$2,025.00 of the forum fees to John Hancock Funds, LLC.

Fee Summary

Claimants, Sumner W. Mead and Nancy P. Mead are jointly and severally liable for:

Initial Filing Fee	= \$	175.00
<u>Forum Fees</u>	= \$	225.00
Total Fees	= \$	<u>400.00</u>
<u>Less payments</u>	= \$	<u>-625.00</u>
Balance to be refunded by NASD Dispute Resolution	= \$	- 225.00

Respondent, John Hancock Funds, LLC, is liable for:

Member Fees	= \$	2,625.00
<u>Forum Fees</u>	= \$	2,025.00
Total Fees	= \$	<u>4,650.00</u>
<u>Less payments</u>	= \$	<u>-2,625.00</u>
Balance Due NASD Dispute Resolution	= \$	2,025.00

All balances are due to NASD Dispute Resolution

NASD Dispute Resolution
Arbitration No. 04-06382
Award Page 6 of 6

ARBITRATOR

G. Gale Roberson, Jr., Esq. - Public Arbitrator, Presiding Chair

Arbitrator's Signature:



G. Gale Roberson, Jr., Esq.
Public Arbitrator, Presiding Chair


Signature Date


Date of Service (For NASD office use only)