

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Stuart Kusher and Margery Melton Kusher, Stuart Kusher, IRA and Margery Melton Kusher, IRA, Claimants v. A.G. Edwards & Sons, Inc. and Michael F. Fangman, Respondents

Case Number: 05-02559

Hearing Site: Los Angeles, California

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

REPRESENTATION OF PARTIES

For Claimants:

Arthur S. Leider
Investors Arbitration Specialists,
Inc.
San Diego, California

For Respondents:

Jeffrey W. Coverdell, Esq.
A.G. Edwards & Sons, Inc.
St. Louis, Missouri

CASE INFORMATION

Statement of Claim filed: May 16, 2005

Claimants' Amended Prayer for Damages filed: June 9, 2006

Claimants' Arbitration Brief filed: June 12, 2006

Claimants' Uniform Submission Agreement signed: April 19, 2005

Joint Statement of Answer filed by Respondents A.G. Edwards & Sons, Inc. ("Edwards") and Michael F. Fangman: July 11, 2005

Respondents' Motion to Dismiss and Pre-Hearing Brief filed: June 14, 2006

Respondent Edwards' Uniform Submission Agreement signed: May 31, 2005

Respondent Michael F. Fangman's Uniform Submission Agreement signed: June 30, 2005

CASE SUMMARY

Claimants alleged the following claims regarding the handling of their accounts: 1) Breach of Fiduciary Duty in Violation of California Civil Code Section 2322(c) against all Respondents; 2) Negligence against all Respondents; 3) Constructive Fraud against all Respondents; 4) Violation of Federal and State Securities Laws and NASD Rules of Fair Practice; and 5) Breach of Contract against Respondent Edwards. Claimants' dispute involved investments in various unspecified technology and telecommunications stocks.

Respondents denied Claimants' allegations of wrongdoing and denied any liability to Claimants. Respondents also asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested the following relief in the Statement of Claim:

1. Compensatory damages in the sum of approximately \$175,000.00;
2. Punitive or exemplary damages for constructive fraud of at least \$300,000.00;
3. Pre and post award interest as the Panel may deem just and proper;
4. Any and all costs incurred in bringing this claim including filing fees, hearing fees and expert witness costs;
5. Reasonable representation fees as the Panel may deem just and proper and as provided for in the A.G. Edwards customer agreement;
6. Expert witness fees as the Panel may deem just and proper; and
7. Such other relief as the Panel may deem just and proper.

Claimants requested the following relief in the Amended Prayer for Damages:

1. Compensatory damages in the sum of \$221,542.00;
2. Punitive or exemplary damages for constructive fraud in the sum of \$250,000.00;
3. All forum and filing fees to be determined;
4. Expert witness fees and costs in the sum of \$4,000.00;
5. Representation fees and costs as the Panel may deem just and proper; and
6. Such other relief as the Panel may deem just and proper.

Respondents requested:

1. That judgment be entered on behalf of Respondents and against Claimants on the claims asserted in this arbitration proceeding;
2. That all costs of this arbitration proceeding, including but not limited to, forum fees and Respondents' reasonable costs and expenses incurred in defending this matter, be taxed against Claimants;
3. That the Panel order expungement of these claims from the CRD and other records of Fangman; and
4. Such further relief as the Panel deems appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

The Panel permitted the filing of Claimants' Amended Prayer for Damages.

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, testimony, evidence presented at the hearing, and the post-hearing submissions including the positions of the parties relative to Respondents' Motion to Dismiss, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. All claims by Claimants, including the claims for punitive damages, are dismissed.
2. Respondent Michael F. Fangman's request that the Panel recommend that all reference to this matter be expunged from his CRD record is denied.
3. Each party shall bear its own costs, including attorney's fees.
4. All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$300.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, Edwards is a party and the following fees are assessed:

Member Surcharge	= \$1,700.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$2,750.00
Total Member Fees	= \$5,200.00

Adjournment Fees

The following adjournment fees are assessed:

The Panel granted Claimants' request to postpone the May 2-4, 2006, hearing dates and waived the \$1,125.00 postponement fee.

Forum Fees and Assessments

The Panel assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

(1) Pre-hearing conference session with the Panel @ \$1,125.00/session = \$1,125.00
Pre-hearing conference: September 14, 2005 1 session

(6) Hearing sessions @ \$1,125.00/session = \$6,750.00
Hearing Dates: June 20, 2006 2 sessions
June 21, 2006 2 sessions
June 22, 2006 2 sessions

Total Forum Fees = \$7,875.00

The Panel assessed \$3,937.50 of the forum fees jointly and severally to Claimants Stuart Kusher and Margery Melton Kusher.

The Panel assessed \$3,937.50 of the forum fees jointly and severally to Respondents Edwards and Michael F. Fangman.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

Respondents Edwards and Michael F. Fangman requested 5 photocopies
@ \$0.50 each: = \$ 2.50

Fee Summary

1. Claimants Stuart Kusher and Margery Melton Kusher are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 3,937.50
Total Fees	= \$ 4,237.50
Less Payments	= \$(1,425.00)
Balance Due NASD Dispute Resolution	= \$ 2,812.50

2. Respondent Edwards is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
Less Payments	= \$(5,200.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents Edwards and Michael F. Fangman are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 3,937.50
Administrative Costs	= \$ 2.50
Total Fees	= \$ 3,940.00
Less Payments	= \$(0.00)
Balance Due NASD Dispute Resolution	= \$ 3,940.00

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

ARBITRATION PANEL

Ernest L. Burnside, M.A.	-	Public Arbitrator, Presiding Chair
Joan Clay Manley, Esq.	-	Public Arbitrator
George Frederick Garris	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Ernest L. Burnside, M.A.
Chair, Public Arbitrator

7/6/06
Signature Date

George Frederick Garris
Non-Public Arbitrator

Signature Date

Dissenting Arbitrator's Signature

Joan Clay Manley, Esq.
Public Arbitrator

Signature Date

7/13/06
Date of Service

ARBITRATION PANEL

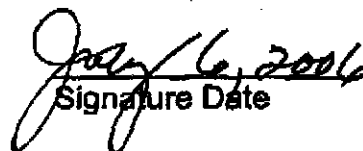
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Dissenting Arbitrator's Signature

Joan Clay Manley, Esq.
Public Arbitrator

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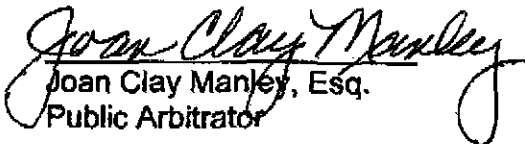
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Dissenting Arbitrator's Signature


Joan Clay Manley, Esq.
Public Arbitrator

07/13/06
Signature Date

7/13/06
Date of Service