

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Lisa Lanette Morath

Case Number: 05-03491

Name of the Respondent
Edward D. Jones & Co., L.P.

Hearing Site: Dallas, Texas

NATURE OF THE DISPUTE

Public Customer vs. Member Firm

REPRESENTATION OF PARTIES

Claimant Lisa Lanette Morath, hereinafter referred to as "Claimant": Richard A. Lewins, Esq., of the firm of Burg Simpson Eldredge Hersh Jardine P.C., located in Dallas, Texas.

Respondent Edward D. Jones & Co., L.P. hereinafter referred to as "Respondent": Sandra B. Gallini, Esq., of the firm of Greensfelder, Hemker & Gale, P.C., located in St. Louis, Missouri.

CASE INFORMATION

Statement of Claim filed: July 8, 2005.

Claimant signed the Uniform Submission Agreement: June 28, 2005.

Respondent's Representative signed the Uniform Submission Agreement: July 14, 2005.

Respondent's Motion to Strike and for More Definite Statement filed: September 7, 2005.

Claimant's Response to Respondent's Motion to Strike and for More Definite Statement filed: December 14, 2005.

Respondent's Reply Brief in Support of Motion to Strike and for More Definite Statement filed on: January 11, 2006.

Claimant's Election Not to Participate in the Putative Class Action filed: March 9, 2006.

Claimant's First Amended Statement of Claim filed on: March 9, 2006.

Statement of Answer, Affirmative Defenses and Motion for Summary Dismissal filed by

Respondent on: May 5, 2006.

Claimant's Response to Respondent's Motion to Dismiss filed on: May 23, 2006.

Reply Memorandum in Further Support of Respondent's Motion for Summary Dismissal filed on: July 31, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: violation of the Texas Securities Act, Section 33A(2) for making a material misrepresentation or omission during the course of a sale. This cause of action arose as a result of the Respondent's alleged misrepresentations and omissions in connection with the sale of mutual funds, including that certain funds in the "Preferred" fund program were selected for the program because the fund family would rebate back to the firm a portion of the revenue generated by the sale to Respondent's clients.

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

1. Claimants ratified all transactions that took place in the account and therefore, Claimants are barred from recovering any alleged loss resulting from such transactions;
2. To the extent that Claimants have suffered any damages, they are the product of the negligent conduct of Claimants or others such that some or all of Claimants' recovery is barred by those contributory or comparative negligent acts;
3. 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;
4. The Statement of Claim is barred, in whole or in part, by the doctrines of waiver and estoppel and by the applicable statute of limitations;
5. To the extent Claimants base their claims on the NASD and/or NYSE rules, such rules do not provide for a private cause of action in favor of Claimants and therefore, such claims should be dismissed;
6. To the extent Claimants allege that a fiduciary relationship exists, it is extremely limited and does not extend beyond the execution of a particular transaction. Further, any fiduciary duty at variance with federal securities law is preempted by federal law;
7. Claimants agreed in their account agreement that all claims between the parties would be subject to Missouri law and, therefore, Claimants' claims under Texas law must be dismissed;
8. Claimants failed to state a cause of action under the federal securities laws or state fiduciary duty law.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$198,371.23
Interest	At the legal rate (Calculated 6.5% from November 10, 2005 equals \$161,391.68)
Attorneys' Fees	As provided by statute
Other Costs	As provided by statute
Other Monetary/Non-Monetary Relief if any:	As the Panel deemed appropriate.

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

OTHER ISSUES CONSIDERED AND DECIDED

On February 16, 2006, a telephonic hearing was held on Respondent's Motion to Strike and for More Definite Statement. After consideration of the pleading and argument, the Panel granted the Motion in part, but denied in part, determining that:

1. The Claimant was ordered to file with the Panel an appropriate affidavit of Claimant opting out of the class action lawsuit styled "Spahn v. Edward Jones & Co., L.P. et al, Case No. 4:04-CV-00086, United States District Court Eastern District of Missouri.", or Claimant's claim would be stricken;
2. Respondent's Motion to Strike Claimant's claims was granted to the extent that all references to the NASD and SEC Settlement Agreements and/or Finding of Fact and Conclusions of Law be stricken from Claimant's petition, and that Claimant amend her claim to identify at a minimum the accounts at issue, the name of the investment representative who transacted the alleged purchases with Claimant, the time period or periods in which her alleged purchases occurred, the specific transactions and/or investments which served as the basis for her claims, facts that support her damages calculations and how she arrived at those calculations, and facts that demonstrated how an alleged revenue agreement would have been material to a reasonable and prudent investor; and,
3. Respondent's Motion was overruled insofar as it requested the Panel strike all references to the Texas Securities Act since the Panel was of the opinion that the public policy of the State of Texas overrode the contractual choice of venue insofar as Texas citizens are concerned.

On August 2, 2006, a hearing was held on Respondent's Motion for Summary Dismissal. After considering the extensive briefs and oral and written arguments of counsel, the Panel was of the opinion that Claimant has failed to state a cause of action upon which an award may be predicated in favor of Claimant. The

panel is of the further opinion that The Texas Securities Act has been preempted by federal law. Since Claimant's Statement of Claim has been previously stricken except for that pertaining to the Texas Securities Act, it follows that the entire claim must be dismissed. Accordingly, Claimant's entire Statement of Claim is dismissed.

AWARD

After considering the pleadings, exhibits and arguments of counsel, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. The Statement of Claim is dismissed with prejudice;
2. The parties shall bear their own costs of arbitration, including any attorneys' fees, except for those sums specifically enumerated in this decision;
3. Any and all relief not specifically addressed herein 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	= \$ 300.00
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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 D. Jones & Co., L.P. is a party and the following member fees are assessed:

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. 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:

One (1) Pre-hearing session with a single arbitrator @ \$450 Pre-hearing conference:	= \$ 450.00
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April 19, 2006 1 session

Three (3) Pre-hearing sessions with Panel @ \$1,125 = \$ 3,375.00

Pre-hearing conference:

November 14, 2006 1 session

February 16, 2006 1 session

August 2, 2006 1 session

Total Forum Fees = \$ 3,875.00

The Panel has assessed \$1,912.50 of the forum fees to the Claimant Lisa Lanette Morath. In addition, the Panel has assessed the remaining \$1,912.50 of the forum fees to the Respondent, Edward D. Jones & Co., L.P.

FEE SUMMARY

Claimant Lisa Lanette Morath is solely liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 1,912.50
Total Fees	= \$ 2,212.50
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 787.50

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

Member Fees	= \$ 5,200.00
Forum Fees	= \$ 1,912.50
Total Fees	= \$ 7,112.50
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 1,912.50

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

ARBITRATION PANEL

Ted Martin Akin, J.D. - Public Arbitrator, Presiding Chairperson
Howard J. Siegel, J.D - Public Arbitrator
Todd R. Gough - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Ted Martin Akin, J.D.
Public Arbitrator, Presiding Chairperson

Signature Date

Howard J. Siegel, J.D
Public Arbitrator

Signature Date

Todd R. Gough
Non-Public Arbitrator


Signature Date


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

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Public Arbitrator

Signature Date

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Non-Public Arbitrator

Signature Date



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NASD Dispute Resolution, Inc.
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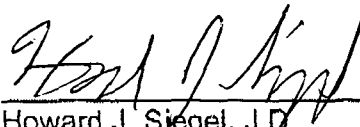
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Public Arbitrator, Presiding Chairperson

Signature Date


Howard J. Siegel, J.D.

8/15/06
Signature Date

Public Arbitrator

Todd R. Gough
Non-Public Arbitrator

Signature Date

8/25/06 *men*

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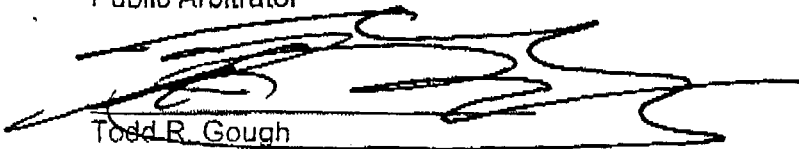
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Public Arbitrator

Signature Date



Todd R. Gough
Non-Public Arbitrator

8-14-06

Signature Date

8/25/06 llm

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