

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Johnnie H. Melton

Case Number: 05-04381

Name of the Respondent
Edward D. Jones & Co.

Hearing Site: Dallas, Texas

NATURE OF THE DISPUTE

Public Customer vs. Member Firm

REPRESENTATION OF PARTIES

Claimant Johnnie H. Melton, hereinafter referred to as "Claimant": Chris Claassen, Esq., of the firm of Burg Simpson Eldredge Hersh Jardine PC, located in Dallas, Texas.

Respondent Edward D. Jones & Co., hereinafter referred to as "Respondent": Jonathan A. Pace, Esq., of the firm of Pace & Pace, L.L.P., located in Dallas, Texas.

CASE INFORMATION

Statement of Claim filed: August 22, 2005.

Claimant signed the Uniform Submission Agreement: June 1, 2005.

Claimant's Amended Statement of Claim filed on: March 24, 2006.

Statement of Answer and Motion to Strike filed by Respondent on: November 2, 2005.

Respondent signed the Uniform Submission Agreement: August 20, 2005.

Respondent's Response to Claimant's Amended Statement of Claim filed on: April 22, 2006.

Respondent's Motion for More Definite Statement filed on: November 2, 2005.

Claimant's Response to Respondent's Motion for More Definite Statement filed on: February 2, 2006.

Respondent's Motion to Dismiss filed on: April 22, 2006.

Claimant's Response to Respondent's Motion to Dismiss filed on: May 11, 2006.

Joint Motion of Claimant and Respondent Requesting Panel Adjudicate this Case on the Papers filed on: June 9, 2006.

Claimant's Closing Argument filed on: June 9, 2006.

Respondent's Closing Brief filed on: June 14, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: violation of Section 33A(2) of the Texas Securities Act. This cause of action related to Respondents sale to Claimant of certain mutual funds. Respondent had a preferred and special relationship with the funds and failed to disclose this relationship to Claimant.

Unless specifically admitted in its Answer and Motion to Strike, Respondent denied the allegations made in the Statement of Claim and asserted that based upon strong public policy and case law, a settlement agreement Respondent reached with the regulatory agencies must be struck from the claim and, without the agreement, the Claim contains no factual basis on which to predicate liability.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$53,584.35
Interest	Pre-judgment interest at the legal rate from date of purchase
Attorneys' Fees	Pursuant to Texas statute
Other Costs	Pursuant to Texas statute
Other Monetary/Non-Monetary Relief if any:	As the Panel deems appropriate.

In the Joint Motion of Claimant and Respondent Requesting Panel Adjudicate this Case on the Papers filed on June 9, 2006, the parties acknowledged that the damages were substantially lower, approximately \$7,000.00 not including interest.

Respondent requested that the claim be dismissed or stricken.

OTHER ISSUES CONSIDERED AND DECIDED

In regard to Respondent's Motion to Strike, the parties reached an agreement permitting Claimant leave to file an Amended Statement of Claim. The Panel made no ruling on this Motion.

At the pre-hearing conference on May 18, 2006, the Panel heard argument in regard to Respondent's Motion to Dismiss. The Panel determined that the Motion would be denied.

On June 9, 2006, the parties filed a Joint Motion requesting that the panel cancel the hearing and decide the matter on the papers submitted and briefs that the parties intended to file. The Panel granted this Motion.

AWARD

After considering the pleadings , evidence and the closing briefs, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. The claims asserted by Claimant Johnnie H. Melton against Respondent Edward D. Jones & Co. are denied;
2. The parties shall bear their own costs of arbitration, including any attorneys' fees, except for those sums specifically enumerated in this decision; and,
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	= \$ 225.00
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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. is a party and the following fees are assessed:

Member surcharge	= \$ 1,100.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 1,700.00

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:

Three (3) Pre-hearing sessions with Panel @ \$750.00	= \$ 2,250.00
Pre-hearing conferences:	
January 24, 2006 1 session	
March 22, 2006 1 session	
May 18, 2006 1 session	
<u>Decision on the Papers @ \$300.00</u>	<u>= \$ 300.00</u>
Total Forum Fees	= \$ 2,550.00

The Panel has assessed \$1,275.00 of the forum fees to Claimant Johnnie H. Melton

and has assessed \$1,275.00 of the forum fees to against Respondent Edward D. Jones & Co.

FEE SUMMARY

Claimant Johnnie H. Melton is solely liable for:

Initial Filing Fee	= \$ 225.00
<u>Forum Fees</u>	<u>= \$ 1,275.00</u>
Total Fees	= \$ 1,500.00
<u>Less payments</u>	<u>= \$ 975.00</u>
Balance Due NASD Dispute Resolution	= \$ 525.00

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

Member Fees	= \$ 3,550.00
<u>Forum Fees</u>	<u>= \$ 1,275.00</u>
Total Fees	= \$ 4,825.00
<u>Less payments</u>	<u>= \$ 3,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 1,275.00

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

ARBITRATION PANEL

Andrea U. Calve, JD - Public Arbitrator, Presiding Chairperson
Sanford D. Sanes - Public Arbitrator
Robert R. Nursey - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Andrea U. Calve, JD
Public Arbitrator, Presiding Chairperson

Signature Date

Sanford D. Sanes
Public Arbitrator

Signature Date

Robert R. Nursey
Non-Public Arbitrator

Signature Date

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

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7-14-06
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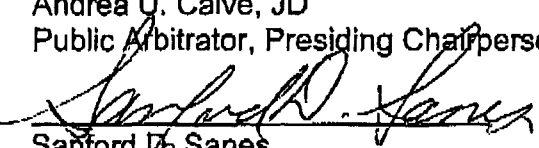
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