

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In The Matter Of Arbitration Between	}	NASD NO. 88-02733
DUANE, MILDRED and CURT SORRELLS		
Claimants		
v.		
EDWARD D. JONES & CO., INC.		
GARY ALEFF	}	Respondents

CASE SUMMARY

Duane Sorrells, Mildred Sorrells and Curt Sorrells ("Claimants") alleged that Edward D. Jones & Co., Gary Aleff and Mark Burnside ("Respondents") fraudulently misrepresented material information regarding investments made for Claimants in contravention of Claimants' investment objectives and suitability. Other causes of action asserted included, respondeat superior, breach of contract, violation of 10 U.S.C. Section 1961 and 1962 ("RICO"), and fraudulent concealment of misrepresentations, including various violations of federal and state securities laws and the common law.

Respondents alleged that recovery on the majority of investments made by Claimants was barred by Section 15 of the NASD Arbitration Code, applicable statute of limitations, res judicata and generally denied all claims made by Claimants. Specifically, Respondents denied that any investment recommendations made to Claimants were unsuitable or that misrepresentations or fraudulent concealment occurred and denied that a violation of the RICO statute occurred.

RELIEF REQUESTED

Claimants requested damages for fraudulent misrepresentation in the amount of \$100,000.00; treble damages and attorneys' fees pursuant to RICO; all compensatory damages suffered by Claimants and any additional and consequential damages established at the hearing including, but not limited to, interest at the legal rate, forum fees, costs and reasonable attorneys' fees.

Respondents requested that all claims be denied in their entirety and that costs be assessed against the Claimants.

8/27/88

OTHER ISSUES

During the hearing, counsel for Respondents asserted that any recovery by Claimants for any wrongdoing on behalf of the Respondents in connection with the purchase and sale of D. H. Baldwin debentures was barred by res judicata. The basis for this argument was that Claimants were members of a federal court class action lawsuit involving the debentures.

Since the Claimants failed to opt out of the class action, they could not pursue a claim in arbitration on the Baldwin debentures. Counsel for Claimants agreed. Therefore, any claim for recovery as a consequence of the Baldwin debenture purchase was withdrawn at the hearing.

AWARD

On July 20 & 21, 1989, during a hearing lasting four sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on August 17, 1988 by Claimants Duane Sorrells, Mildred Sorrells and Curtis Sorrells, on October 26, 1988, by Cynthia Doria, Esq. on behalf of Respondent Edward D. Jones & Co., on September 12, 1988, by Respondent Mark Burnside and on October 4, 1988 by Respondent Gary A. Aleff.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. The Respondents Edward D. Jones & Co. and Gary Aleff are jointly and severally liable for and shall pay to the Claimant Curt Sorrells, damages in the amount of Eight Thousand Dollars and No Cents (\$8,000.00). Curt Sorrells shall assign all right, title and interest of any kind he presently holds in American Royalty Trust and Consolidated Capital Property III to Respondents Edward D. Jones & Co. and Gary Aleff.

2. The Respondents Edward D. Jones & Co. and Gary Aleff are jointly and severally liable for and shall pay to the Claimants Duane and Mildred Sorrells damages in the amount of One Hundred Ten Thousand Dollars and Seventy-nine Cents (\$110,000.79). Claimants Duane and Mildred Sorrells shall assign all right, title and interest of any kind they presently hold in American Royalty Trust, Consolidated Capital Property III and McNeil Fund XI to Respondents Edward D. Jones & Co. and Gary Aleff.

3. No interest is payable on the sums awarded Claimants;

4. No treble damages are awarded Claimants and this claim shall be and is hereby dismissed in its entirety;

5. All claims asserted against Respondent Mark Burnside by Claimants shall be and are hereby dismissed in their entirety;

6. Claims made for reimbursement of fees in connection with discovery in this case are dismissed in their entirety;

7. The parties shall each bear their own costs and expenses including any attorneys' fees incurred in this matter; and

8. Pursuant to Section 43(b) of the NASD Code of Arbitration Procedure, Respondents Edward D. Jones & Co. and Gary Aleff shall jointly and severally pay directly to the Claimants Duane, Mildred and Curt Sorrells the forum fee in the amount of Seven Hundred Fifty Dollars and No Cents (\$750.00).

BY THE PANEL

/S/Harry D. Strouse, Esq.
Presiding Chair

/S/Anne J. Crane, Esq.

/S/William M. Koziol, Esq.