

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Catherine L. Hasbrouck

89-03244

Name of Respondent(s)

A.G. Edwards & Sons, Inc.

CASE SUMMARY

In a claim filed with the NASD on or about November 20, 1989, Catherine L. Hasbrouck ("Claimant") alleged that A.G. Edwards and Sons, Inc. ("Respondent") misrepresented material facts in connection with bonds recommended to Claimant and purchased for Claimant's account causing Claimant a loss on her investment. Claimant also asserted that Respondent recommended investments which were contrary to Claimant's investment objectives. Claimant alleged that Respondent was negligent in recommending the purchase of the bonds, negligently supervised its registered representative, and willfully and maliciously made false representations to Claimant constituting fraud.

In an answer filed with the NASD on or about January 8, 1990, Respondent denied all allegations of wrongdoing asserted in the Statement of Claim and asserted the following affirmative defenses: 1) Claimant's claim is barred by the Statute of Limitations; 2) Claimant was aware of the risks and assumed such risk; 3) damages suffered by the Claimant were caused by market factors; 4) Count Two of Claimant's claim fails to state a claim for relief; 5) Claimant's claim is barred by the doctrines of laches, account stated, equitable estoppel and waiver; 6) Claimant failed to exercise the degree of care over her investments a prudent investor would have exercised; 7) Claimant failed to inform Respondent of wrongful acts complained of; 8) Claimant failed to mitigate damages; 9) Respondent acted in good faith; and, 10) Claimant's claim is barred by the doctrine of set off.

PROCEDURAL SUMMARY

On October 17, 1990, Respondent A.G. Edwards and Sons, Inc. made a Motion to Dismiss the claim prior to the presentation of evidence which was denied in its entirety by the arbitration panel.

RELIEF REQUESTED

Claimant requested damages in the amount of Seventy Five Thousand Dollars (\$75,000.00) along with interest, attorney's fees and costs. Claimant also requested exemplary damages.

AWARD

On October 17, 1990 in Dallas, Texas during a hearing lasting 2 sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on November 17, 1989 by Claimant Catherine Hasbrouck and on January 5, 1990 by David M. Minnick on behalf of Respondent.

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. Respondent is liable for and shall pay to Claimant damages in the amount of Forty-two Thousand Five Hundred Dollars (\$42,500.00);

2. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund as forum fees, the \$750.00 filing fee previously deposited with the NASD by the Claimant. The \$750.00 filing fee is hereby assessed against the Respondent along with \$1,500.00 in forum fees.

Arbitrator(s) Signature

Dated: October 17, 1990

S/S Joe B. Abbey, Esq.

Dated: October 17, 1990

S/S Jay E. Sandelin

Dated: October 17, 1990

S/S Charles Zivney