

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant

Merrill Lynch, Pierce, Fenner & Smith, Inc.

NASD Arbitration
No. 96-00774

Name of Respondents

A.G. Edwards & Sons, Inc. and Thomas M. Nicholson

REPRESENTATION

For Claimant:

Michael J. Fortunato, Esq.
Rubin & Associates, P.C.
Paoli, Pennsylvania

For Respondent

A.G. Edwards & Sons, Inc.:

Jeff Jamieson, Esq.
A.G. Edwards & Sons, Inc.
St. Louis, Missouri

For Respondent

Thomas M. Nicholson:

Peter A. Goldenring, Esq.
Goldenring & Prosser
Ventura, California

CASE INFORMATION

Statement of Claim filed: February 22, 1996

Claimant's Submission Agreement signed: February 21, 1996

Joint Statement of Answer filed by Respondents: April 16, 1996

HEARING INFORMATION

Pre-Hearing Conference Dates / Sessions: May 15, 1996 (1 session)
June 11, 1996 (1 session)

Hearing Dates / Sessions: June 13, 1996 (2 sessions)
June 14, 1996 (2 sessions)
June 18, 1996 (2 sessions)
June 19, 1996 (2 sessions)
June 20, 1996 (2 sessions)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimant alleged that Respondent Nicholson violated the terms and conditions of his employment contract with Claimant. Claimant further alleged that Respondents misappropriated and converted Claimant's trade secrets and business property, breached their fiduciary duty, and engaged in unfair competition.

Respondents denied all of Claimant's allegations.

RELIEF REQUESTED

Claimant sought a permanent injunction order enjoining Respondents from soliciting any business from Respondent Nicholson's former clients, and from using, disclosing, or transmitting any information contained in Claimant's business records. Claimant also requested compensatory damages in an amount to be determined at the arbitration hearing.

Respondent asked that the claim be dismissed in its entirety, and that the NASD sanction the Claimant for making conflicting and inconsistent representations to the NASD and the Superior Court of the State of California for the County of Orange.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the original remains on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant is awarded permanent injunctive relief against Respondents. The permanent injunction order shall incorporate the present terms of the preliminary injunction, and will run for a period of one (1) year from the date of Respondent Nicholson's termination, February 16, 1996.
2. Respondents A.G. Edwards & Sons, Inc. and Thomas M. Nicholson are jointly and severally liable and shall pay Claimant the sum of \$270,000.00 in damages.
3. Respondents A.G. Edwards & Sons, Inc. and Thomas M. Nicholson are jointly and severally liable for forum fees.
4. The parties shall bear their respective costs, including attorneys' fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed against the Respondents, jointly and severally:

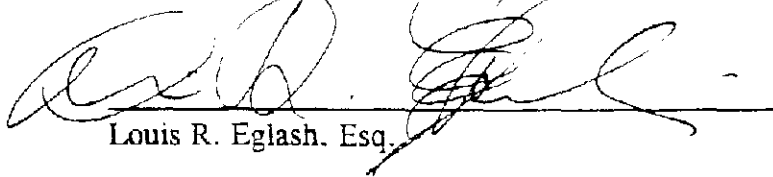
Two Pre-Hearing Conferences @ \$300.00 / Session	=	\$600.00
<u>Ten Hearing Sessions @ \$1,000.00 / Session</u>	=	<u>\$10,000.00</u>
Total Forum Fees Assessed	=	\$10,600.00
 Respondents A.G. Edwards & Sons, Inc. and Thomas M. Nicholson Balance Due	 =	 \$10,600.00

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Louis R. Eglash, Esq.	Public Arbitrator
Gwendolyn J. Bandt	Industry Arbitrator
Douglas J. Rovens, Esq.	Public Arbitrator

Concurring Arbitrators' Signatures


Louis R. Eglash, Esq.

Gwendolyn J. Bandt

Douglas J. Rovens, Esq.

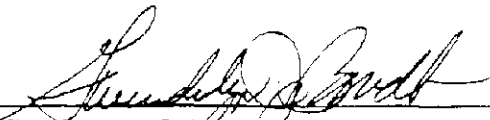
Date of Decision: _____

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
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Gwendolyn J. Bandt	Industry Arbitrator
Douglas J. Rovens, Esq.	Public Arbitrator

Concurring Arbitrators' Signatures

Louis R. Eglash, Esq.



Gwendolyn J. Bandt

Douglas J. Rovens, Esq.

Date of Decision: _____

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Douglas J. Rovens, Esq.

Date of Decision: _____