

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Names of Claimants

Mihaly Gaal and Ilona Gaal

NASD Case No. 99-00695
Hearing Site: Tampa, Florida

Names of Respondents

A.G. Edwards & Sons, Inc.
and Thomas Wilkinson

REPRESENTATION OF PARTIES

Claimants, Mihaly Gaal and Ilona Gaal, hereinafter collectively referred to as "Claimants":
Stephen D. Spivey, Esq., Ocala, Florida.

Respondents, A.G. Edwards & Sons, Inc. ("Edwards") and Thomas Wilkinson
("Wilkinson"), hereinafter collectively referred to as "Respondents": Michael Naccarato,
Esq., Litigation Counsel, A.G. Edwards & Sons, Inc., St. Louis, Missouri.

CASE INFORMATION

Statement of Claim filed on: February 16, 1999.

Claimants signed the Uniform Submission Agreement: January 28, 1999.

Statement of Answer of Respondents filed on or about: April 22, 1999.

Respondent Edwards signed the Uniform Submission Agreement: March 19, 1999 by
Stephen G. Sneeringer, Senior Vice President & Counsel.

Respondent Wilkinson signed the Uniform Submission Agreement: March 23, 1999.

CASE SUMMARY

Claimants alleged the following: Respondents committed violations of the Florida Securities Investor Protection Act, Securities Act of 1934, Securities Exchange Act of 1933, NASD rules, and state and federal law for negligence, mismanagement, misrepresentation, unsuitability and negligent supervision. The Claimants are both retirees. In the course of a nine month period, Respondent Wilkinson convinced Claimants to dispose of a portfolio of mutual funds ideally suited for them; to buy stock in several individual companies; to buy and sell an annuity at a substantial penalty; and to eventually concentrate all of their liquid assets into one company's stock (FPA Medical Management, Inc.) while it plunged into bankruptcy. As a result of Wilkinson's negligence, mismanagement and poor advice, the Claimants lost \$62,175.00 of their life savings. Wilkinson's employer, Respondent Edwards,

abrogated their fiduciary responsibility to the Claimants by failing to adequately supervise Wilkinson's handling of the Claimants' account; failing to conduct due diligence on the securities touted by Wilkinson; and failing to intercede while Claimants' financial situation deteriorated.

Unless specifically admitted in their Answer, Respondents denied all allegations in Claimants' Statement of Claim and asserted the following: Although Claimants' initial purchase of FPA Medical Management, Inc. ("FPAM") on August 14, 1997 and its subsequent sale were solicited, no other purchase of FPAM was solicited. In fact, most of the subsequent purchases and sales of this stock were made against the advice of Wilkinson. Wilkinson strongly discouraged Mr. Gaal from surrendering his annuity and investing the proceeds in a highly speculative stock such as FPAM. Unfortunately, the Claimants ignored Respondents' advice and continued to purchase FPAM. The Claimants' actions during this time period were consistent with their investment objectives of speculation and aggressive growth. As it was Claimants' actions that led to their losses, it should be Claimants' responsibility to bear those losses.

RELIEF REQUESTED

Claimants requested:

- Compensatory / rescissory damages in the amount of \$62,175.00;
- Interest at the legal rate;
- Attorneys' fees in an unspecified amount;
- Other costs in an unspecified amount.

Respondents requested that all claims alleged in this action be dismissed with prejudice, and that all costs and expenses, including attorneys' fees incurred herein, be assessed against the Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the undersigned arbitrators (the "Panel") has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' Statement of Claim is dismissed in its entirety.
2. Any and all claims for relief not specifically addressed herein, including the parties' respective requests for attorneys' fees and costs, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$150.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm (Edwards) is a party.

Member surcharge = \$1,000.00

Pre-hearing process fee = \$ 600.00

Hearing process fee = \$1,500.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing 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 the Panel x \$500.00 = \$500.00

Pre-hearing conference date: August 11, 1999 1 session

Three (3) hearing sessions x \$500.00 = \$1,500.00

Hearing date: October 19, 1999 3 sessions

Total Forum Fees = \$2,000.00

The Panel has assessed \$1000.00 of the forum fees jointly and severally to Claimants.

The Panel has assessed \$1000.00 of the forum fees jointly and severally to Respondents.

Fee Summary

Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee = \$ 150.00

Forum Fees = \$1,000.00

Total Fees = \$1,150.00

Less payments = \$650.00

Balance Due NASD Regulation, Inc. = \$500.00

Respondent Edwards be and hereby is solely liable for:

Member Fees = \$3,100.00

Less payments = \$3,100.00

Balance Due NASD Regulation, Inc. = \$ 0.00

Respondents Edwards and Wilkinson be and hereby are jointly and severally liable for:

Forum Fees	= \$1,000.00
<u>Less Payments</u>	<u>= \$0.00</u>
Balance Due NASD Regulation, Inc.	= \$1,000.00

All balances are due and payable to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

/s/
Paul Sidney Elliott, Esq.
Public Arbitrator, Presiding Chair

November 30, 1999
< Signature Date >

/s/
James H. Frank, Esq.
Public Arbitrator

December 1, 1999
< Signature Date >

/s/
David M. Levine
Industry Arbitrator

December 1, 1999
< Signature Date >

December 1, 1999
Date of Service

Respondents Edwards and Wilkinson be and hereby are jointly and severally liable for:

Forum Fees

= \$1,000.00

Less Payments

= \$0.00

Balance Due NASD Regulation, Inc.

= \$1,000.00

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Public Arbitrator, Presiding Chair

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Date of Service (For NASD office use only)

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Forum Fees

= \$1,000.00

Less Payments

= \$0.00

Balance Due NASD Regulation, Inc.

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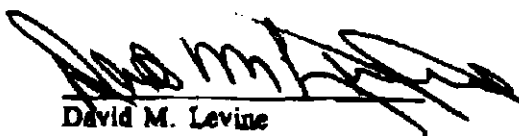
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