

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Hector P. and Catherine Milanes

Case No. 99-01238

- Name of Respondents

A.G. Edwards & Sons, Inc.
Brian J. McCafferty
Mario Ferrari

HEARING LOCATION: PHILADELPHIA, PA

REPRESENTATION OF PARTIES

Claimants, Hector P. and Catherine Milanes, hereinafter collectively referred to as ("Claimants"): G. Alexander Novak, Esq. and Kim Steven Juhase, Esq., Novak & Juhase, New York, NY.

Respondents, A.G. Edwards & Sons, Inc. ("A.G. Edwards"), Brian J. McCafferty ("McCafferty"), and Mario Ferrari ("Ferrari"), hereinafter collectively referred to as ("Respondents"): William S. Port, Litigation Counsel, A.G. Edwards and Sons, Inc., St. Louis, MO.

CASE INFORMATION

Statement of Claim filed on or about: March 17, 1999

Claimants, Hector P. and Catherine Milanes, signed the Uniform Submission Agreement: March 16, 1999

Statement of Answer filed by Respondents, A.G. Edwards, McCafferty and Ferrari, on: June 7, 1999

Respondent, A.G. Edwards, signed the Uniform Submission Agreement: June 4, 1999

Respondent, McCafferty, signed the Uniform Submission Agreement: May 10, 1999

Respondent, Ferrari, signed the Uniform Submission Agreement: May 14, 1999

CASE SUMMARY

Claimants asserted the following causes of action: violation of various securities statutes and

rules of NASD and NYSE; fraud, negligence, violation of the New Jersey Blue Sky Law, failure to supervise, suitability, churning, excessive trading, and excessive mark-ups. The causes of action relate to the alleged mishandling of Claimants investment funds.

Unless specifically admitted in its Answer, Respondents A.G. Edwards, McCafferty, and Ferrari denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants failed to state a claim upon which relief could be granted; they failed to object or notify Respondent A.G. Edwards of the acts and omissions of which they complain in a timely fashion; Claimants are barred from recovering from A.G. Edwards under the doctrines of ratification, account stated, estoppel, waiver and laches; Claimants failed to act with due diligence to mitigate their damages and failed to exercise due care over their affairs and investments; Claimants voluntarily assumed the risks inherent in securities investments; and, that damages were unforeseeable.

RELIEF REQUESTED

Claimants, in their Statement of Claim, requested:

Compensatory Damages	\$145,000
Interest	\$26,000
Attorneys' Fees	Amount Not Specified

Respondents collectively requested that McCafferty be dismissed from the action, that the Statement of Claim be dismissed in its entirety, that A.G. Edwards be awarded its costs and fees associated with the defense of this matter, including reasonable attorney's fees, and other relief as the Panel deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Although no amendments to the Statement of Claim were made, the Claim alleges causes of action commencing in late 1997. At the hearing, Claimants presented evidence and claims of damages dating back to 1995. The Arbitrators limited Claimants' award to the period stated in the Statement of Claim.

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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondents A.G. Edwards and Ferrari are jointly and severally liable to and shall pay Claimants the sum of \$69,161.00; no prejudgment interest is awarded on this amount;

2. That interest on the award shall begin to accrue on December 1, 2000 at the legal rate in New Jersey;
3. The Panel recommends the expungement of all references to the above captioned arbitration from Respondent Brian J. McCafferty's registration records maintained by the NASD Central Registration Depository ("CRD") with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Brian J. McCafferty must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. That each party shall bear their own costs and expenses, including attorneys' fees, with the exception of Fees as specified below;
5. That all claims against McCafferty are denied in their entirety; and
6. That 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, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$200
--------------------------	---------

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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$1,500
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$2,500

Adjournment Fees

Adjournments requested during these proceedings:

April 4 and 5, 2000; adjournment by Claimants	= fee waived
---	--------------

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 Panel x \$750	= \$750
Pre-hearing conference: December 9, 1999 1 session	
Four (4) Hearing sessions x \$750	= <u>\$3,000</u>
Hearing Dates: October 3, 2000 2 sessions	
October 4, 2000 2 session	
Total Forum Fees	= \$3,750

The Panel has assessed the forum fees as follows:

1. The Panel assessed of \$1,875 against the Claimants.
2. The Panel assessed forum fees of \$1,875 jointly and severally against A.G. Edwards and Ferrari.

Fee Summary

Claimants are assessed the following fees:

Initial Filing Fee	= \$ 200
Adjournment Fee	= waived
Forum Fees	= \$1,875
<u>Total Fees</u>	<u>= \$2,075</u>
<u>Less payments</u>	<u>= \$ 950</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,125

Respondent, A.G. Edwards is assessed the following fees:


Member Fees	= \$4,600
Total Fees	= \$4,600
<u>Less payments</u>	<u>= \$4,600</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 0

Respondents, A.G. Edwards and Ferrari, are jointly and severally assessed the following fee:

<u>Forum Fee</u>	<u>= \$1,875</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,875

All balances are due and payable to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signatures


Manya L. Kamerling
Public Arbitrator, Presiding Chairperson

Signature Date

Joseph P. Flanagan, Jr.
Public Arbitrator, Panelist

Signature Date

Thomas Patrick Madaras, Jr.
Non Public Arbitrator, Panelist

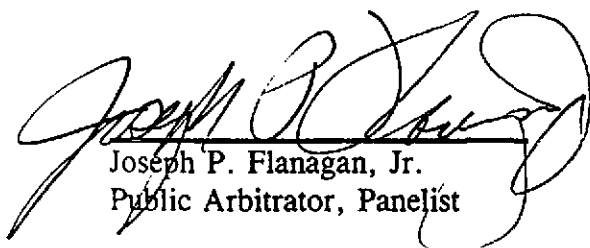
Signature Date


Date Award Served by NASD-DR

Concurring Arbitrators' Signatures

Manya L. Kamerling
Public Arbitrator, Presiding Chairperson

Signature Date



Joseph P. Flanagan, Jr.
Public Arbitrator, Panelist

12/4/00
Signature Date

Thomas Patrick Madaras, Jr.
Non Public Arbitrator, Panelist

Signature Date

December 5, 2000
Date Award Served by NASD-DR

Concurring Arbitrators' Signatures

Manya L. Kamerling
Public Arbitrator, Presiding Chairperson

Signature Date

Joseph P. Flanagan, Jr.
Public Arbitrator, Panelist

Signature Date



Thomas Patrick Madaras, Jr.
Non Public Arbitrator, Panelist

12/1/2000
Signature Date

December 5, 2000
Date Award Served by NASD-DR