

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Names of Claimants

James Samuel Reeves and Quyen Thi Reeves

Case No. 99-04054

Names of Respondents

Edward D. Jones & Co.
Michael K. Root

REPRESENTATION OF PARTIES

For James Samuel Reeves and Quyen Thi Reeves ("Reeves"), hereinafter collectively referred to as "Claimants": George L. Beck, Jr., Esq. of the law firm of Beck & Byrne, P.C., Montgomery, Alabama and Warren Rowe, Esq. of the law firm of Rowe and Thompson, Enterprise, Alabama.

For Edward D. Jones & Co. ("Edward Jones") and Michael Root ("Root"), hereinafter referred to as "Respondents": Lisa A. Nielsen, Esq. of the law firm of Greensfelder, Hemker & Gale, P.C., St. Louis, Missouri.

CASE INFORMATION

Statement of Claim filed on or about: September 2, 1999.

Claimants signed the Uniform Submission Agreement: August 25, 1999.

Statement of Answer filed by Respondents on or about: November 5, 1999.

Respondent Jones signed the Uniform Submission Agreement: September 21, 1999.

Respondent Root signed the Uniform Submission Agreement: October 4, 1999.

CASE SUMMARY

Claimants asserted the following: Respondents committed fraud and breached their fiduciary duty by selling 3,000 shares of Wal-Mart stock against Claimants' expressed instructions and by reinvesting the proceeds in the purchase of Lord Abbett Mutual Fund Shares. Claimants alleged that the Respondents engaged in at least negligence or wanton behavior in arranging a "12% investment deal" without explaining any need to liquidate 3,000 shares of Wal-Mart stock and reinvest in Lord Abbett Mutual Fund stock. Further, Claimants alleged that Respondents breached its contract wherein Respondents agreed not to sell any shares of Wal-Mart stock.

Respondents denied the allegations contained in the Statement of Claim and asserted the following affirmative defenses: (1) Claimants authorized and instructed Respondent Root to enter into all of the transactions at issue and, therefore, claims based on such transactions should be dismissed; (2) Claimants ratified all transactions in their account and, therefore, are barred from recovering any alleged losses resulting from such transactions; (3) the claims asserted in the Statement of Claim are barred by the doctrine of waiver; (4) to the extent that Claimants suffered any damages, they are the product of the negligent conduct of Claimants such that some or all of their recovery is barred by those contributory or comparative negligent acts; (5) Claimants failed to mitigate their alleged damages and, therefore, are barred from recovering any damages to the extent that such damages could have been prevented had Claimants fulfilled their duty to mitigate; (6) the claims are barred by the statute of limitations; and (7) Claimants failed to state a claim entitling them to "mental anguish" damages.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$297,858.00 for lost investment income and taxes and \$200,000.00 damages for mental anguish, together with interest and reasonable attorneys' fees of not less than \$100,000.00. Further, Claimants requested punitive damages in the amount of \$500,000.00.

Respondents requested that all claims in the Statement of Claim be dismissed in their entirety. Further, Respondents requested that all references to this arbitration be expunged from Respondent Root's registration records maintained by the NASD Central Registration Depository ("CRD").

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

All claims by Claimants against Respondents are dismissed in all respects.

Claimants' requests for damages for lost investment income and taxes, punitive damages and damages for mental anguish are denied.

Each party shall bear their respective costs, including attorneys' fees.

The panel recommends the expungement of all references to the above-captioned arbitration

from Respondent Michael K. Root's registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Michael K. Root must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

All other requests for relief not specifically addressed herein are denied.

FEES

Pursuant to the Code, 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 = \$375.00

Member Fees

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

Member surcharge	= \$2,000.00
Pre-hearing process fee	= \$600.00
Hearing process fee	= \$3,500.00

Adjournment Fees

Adjournments requested during these proceedings:

No adjournments were requested during these proceedings.

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 Pre-hearing session with Panel x \$1,200.00	= \$1,200.00
Pre-hearing conference: March 10, 2000	1 session
Two Hearing sessions x \$1,200.00	= <u>2,400.00</u>
Hearing Date: June 7, 2000	2 sessions
Total Forum Fees	= \$3,600.00

The Panel has assessed the total forum fees of \$3,600.00 to Claimants, jointly and severally.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services

including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred during these proceedings.

Fee Summary

Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$375.00
Forum Fees	= \$3,600.00
Total Fees	= \$3,975.00
<u>Less payments</u>	<u>= \$1,575.00</u>
Balance Due NASD Regulation, Inc.	= \$2,400.00

Respondent Edward D. Jones & Co. be and hereby is solely liable for:

Member Fees	= \$6,100.00
Total Fees	= \$6,100.00
<u>Less payments</u>	<u>= \$6,100.00</u>
Balance Due NASD Regulation, Inc.	= \$0.00

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

Concurring Arbitrators' Signatures

_____/s/
Frank W. Virgin, Esq.
Public Arbitrator, Presiding Chair

Signature Date

_____/s/
Steven J. Gold, Esq.
Public Arbitrator

Signature Date

_____/s/
John W. Hopper, Jr., Esq.
Industry Arbitrator

Signature Date

June 27, 2000

Date of Service (For NASD office use only)

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No administrative costs were incurred during these proceedings.

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Claimants be and hereby are jointly and severally liable for:

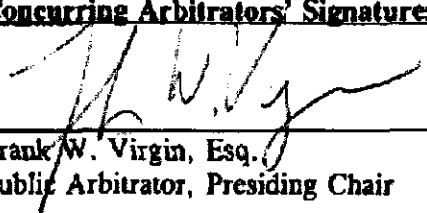
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Concurring Arbitrators' Signatures



Frank W. Virgin, Esq.
Public Arbitrator, Presiding Chair

6/23/00

Signature Date

Steven J. Gold, Esq.
Public Arbitrator

Signature Date

John W. Hopper, Jr., Esq.
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Concurring Arbitrators' Signatures

Frank W. Virgin, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Steven J. Gold, Esq.
Public Arbitrator

06/19/00

Signature Date

John W. Hopper, Jr., Esq.
Industry Arbitrator

Signature Date

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Concurring Arbitrators' Signatures

Frank W. Virgin, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Steven J. Gold, Esq.
Public Arbitrator

Signature Date



John W. Hopper, Jr., Esq.
Industry Arbitrator

June 13, 2000

Signature Date

Date of Service (For NASD office use only)