SUPREME COURT OF MISSOURI

Christian County v. Edward D. Jones and Company, L.P.

Christian County v. Edward D. Jones & Co., L.P., 200 S.W.3d 524 (Mo. banc 2006) · No. SC 87392 · Decided August 8, 2006

SUMMARY

The Supreme Court of Missouri reversed summary judgment for Christian County in its action against Edward D. Jones & Co., L.P. concerning county funds deposited into a brokerage account by the county treasurer. The court held that Missouri law did not authorize the county to invest funds through Edward Jones, but concluded that Edward Jones was not liable for a second payment because it had disbursed the funds to the serving county treasurer before his malfeasance was known. The case was remanded.

CASE DETAILS

COURT	Supreme Court of Missouri
WRITING FOR THE COURT	Per Curiam
JURISDICTION	Missouri
DECIDED	August 8, 2006
DOCKET	SC 87392
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Edward D. Jones & Co., L.P. appealed from a circuit-court summary judgment entered in favor of Christian County in the County's action to recover public funds misappropriated by the county treasurer.
STANDARD OF REVIEW	Summary judgment is reviewed de novo, viewing the record in the light most favorable to the party against whom judgment was entered and giving that party the benefit of all reasonable inferences. Because the appeal presented a question of law rather than a factual dispute, no deference was afforded to the circuit court's judgment.
PRECEDENTIAL VALUE	Published en banc opinion of the Supreme Court of Missouri; precedential.
PARTIES	Edward D. Jones and Company, L.P. v. Christian County, Missouri

TOPICS

municipal law · statutory interpretation · commercial litigation · appellate procedure · standard of review

PRACTICE AREAS

municipal law · public funds · commercial litigation · statutory interpretation · appellate procedure

QUESTIONS PRESENTED

1. Whether Christian County was authorized under chapter 110, RSMo, to deposit or invest county funds through Edward D. Jones & Co., L.P., a brokerage rather than a banking corporation or federally insured institution.
2. Whether the circuit court properly entered summary judgment requiring Edward Jones to pay the County for funds that it had transferred to the serving county treasurer at his direction.
3. Whether the Court needed to address the County's prejudgment-interest award and Edward Jones's waiver and estoppel defenses after reversing the judgment.

HOLDINGS

1. Christian County had no lawful authority under chapter 110 to deposit or invest county funds through Edward Jones because Edward Jones was a brokerage, not a banking corporation or association eligible to serve as a county depositary, and was not a federally insured institution eligible under section 110.270.
2. The account established with Edward Jones was void ab initio because the County did not comply with the statutory requirements governing the transfer and investment of public funds.
3. Edward Jones was not required to pay the County a second time because it paid the funds directly to Melton while he was still serving as county treasurer and acting as the County's statutory agent for receipt and disbursement of county funds.

KEY QUOTATIONS

> *"Because the county did not follow the statutory requirements for transfer and investment of public funds, the account set up with Edward Jones was void ab initio."* (528)

> *"After all, it goes without saying that a payment to the county treasurer is a payment to the county."* (528-529)

> *"Having paid over the county funds to the then county treasurer, Jones cannot be required to pay a second time."* (529)

FACTUAL BACKGROUND

Christian County Treasurer Gary Melton opened an account at Edward Jones in the name of the Christian County Building Fund and deposited a $650,000 County check drawn on the County's official depository. After the funds remained in the account for nearly two weeks, Melton directed Edward Jones to transfer $625,000 to another bank, where he used the money for personal purposes. Neither the County nor Edward Jones knew of

Melton's malfeasance when the transfers occurred; Edward Jones later returned the remaining funds and interest, while the County recovered some additional amounts elsewhere, leaving $368,837.28 unrecovered.

PROCEDURAL HISTORY

Christian County sued Edward Jones in March 2000, alleging that the brokerage held County funds as trustee ex maleficio because the account was not opened in compliance with Missouri's county-depositary statutes. The circuit court granted the County's motion for summary judgment and awarded $368,837.28 plus prejudgment interest. The Supreme Court of Missouri reversed and remanded, concluding that the account was void but that Edward Jones discharged its obligation by paying the funds to the then-serving county treasurer.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

The case was remanded after reversal of the circuit court's summary judgment in favor of Christian County. The opinion gives no further specific instructions.

CASES CITED

- ITT Commercial Fin. Corp. v. Mid-America Marine Supply Corp., 854 S.W.2d 371, 376 (Mo. banc 1993)
- Premium Standard Farms, Inc. v. Lincoln Township of Putnam County, 946 S.W.2d 234, 238 (Mo. banc 1997)
- Ralls County v. Comm'r of Fin., 334 Mo. 167, 66 S.W.2d 115, 116 (1933)
- Huntsville Trust Co. v. Noel, 321 Mo. 749, 12 S.W.2d 751, 754 (1928)
- Bride v. City of Slater, 263 S.W.2d 22, 26 (Mo. 1953)
- Donovan v. Kansas City, 352 Mo. 430, 175 S.W.2d 874, 881 (1943)
- Cole County v. Schmidt, 10 S.W. 888, 889 (Mo. 1889)