

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Name of the Claimants

Scott H. Korn
York Paper Company

Case Number: 00-03511

Name of the Respondents

Merrill Lynch, Pierce, Fenner & Smith, Inc.
Robert P. Moran, Jr.

Hearing Site: Philadelphia, PA

REPRESENTATION OF PARTIES

Claimants, Scott H. Korn ("Korn") and York Paper Company ("York"), hereinafter collectively referred to as "Claimants": Michael G. Trachtman, Esq., Powell, Trachtman, Logan, Carrle, Bowman, & Lombardo, P.C., King of Prussia, PA.

Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch") and Robert P. Moran, Jr. ("Moran"), hereinafter collectively referred to as "Respondents": Elizabeth Hoop Fay, Esq., Morgan, Lewis & Bokius LLP, Philadelphia, PA.

CASE INFORMATION

Statement of Claim filed on August 11, 2000.

Claimant, Korn, signed the Uniform Submission Agreement on August 10, 2000.

A representative of Claimant, York, signed a Uniform Submission Agreement on August 10, 2000.

Statement of Answer filed by Respondents, Merrill Lynch and Moran, on November 28, 2000.

Respondent, Merrill Lynch, did not sign a Uniform Submission Agreement.

Respondent, Moran, did not sign a Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: churning; unsuitability; failure to supervise; violation of Section 10(b) and Rule 10b-5; unauthorized trading; breach of contract; fraud; negligent misrepresentation; conversion; breach of fiduciary duty; and violation of Pennsylvania's Unfair Trade Practices and Consumer Protection Law. The causes of action relate to the purchase and sale of E-Toys and Century Business Systems stocks, as well as, other common stocks.

Unless specifically admitted in its Answer, Respondents, Merrill Lynch and Moran, denied the allegations made in the Statement of Claim and asserted the following defenses, among others: Claimants' failure to state a claim upon which relief may be granted; Claimants were negligent and reckless in the supervision of their Merrill Lynch accounts; Claimants failed to act to mitigate their alleged damages; Claimants sustained no damages; Claimants' damages are attributable to market conditions; Claimants expressly ordered, approved, authorized, participated in and ratified acts and transactions complained of; and, Respondents maintained an adequate and reasonable system of supervision and control.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$ 1,294,560.00
Punitive Damages	unspecified
Interest	unspecified
Attorneys' Fees	unspecified
Other Costs	unspecified
Other Monetary/Non-Monetary Relief if any:	Treble damages under the Pennsylvania Unfair Trade Practices and Consumer Protection Law

Respondents requested that the Statement of Claim be dismissed, that this case be expunged from the CRD records of Respondent Moran and, that costs and attorneys fees be assessed against the Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but are required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and, having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

Respondent, Moran, made a Motion to Expunge his CRD record. The panel granted said motion.

The parties have agreed that the Award in this matter may be executed in counterpart copies.

AWARD

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

1. Claimants' claims are hereby denied in their entirety.
2. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below.

3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Moran's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Moran must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. Any and all relief not specifically addressed herein, including punitive and treble damages, 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	= \$ 500
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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 person at the time of the events giving rise to the dispute. Accordingly, Merrill Lynch is a party and the Respondent Moran's firm.

Member surcharge	= \$ 2,500
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$ 4,500

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 @ \$ 1,200	= \$ 1,200
Pre-hearing conference: June 29, 2001	1 session

Fourteen (14) Hearing sessions @ \$1,200	= \$ 16,800
Hearing Dates:	
January 16, 2002	2 sessions
January 17, 2002	2 sessions
January 23, 2002	2 sessions
January 24, 2002	2 sessions
February 11, 2002	2 sessions
February 12, 2002	2 sessions
April 5, 2002	2 sessions
April 18, 2002	2 sessions
April 19, 2002	2 sessions

Total Forum Fees	= \$ 18,000
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1. The Panel has assessed \$ 9,000 of the forum fees jointly and severally to Claimants.
2. The Panel has assessed \$ 9,000 of the forum fees jointly and severally to Respondents.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

1. Claimants requested hearing tapes = \$ 345

Fee Summary

1. Claimant, Korn, is solely liable for:

Initial Filing Fee	= \$ 500
Administrative Costs	= \$ 345
Total Fees	= \$ 845
Less payments	= \$ 845
Balance Due NASD Dispute Resolution, Inc.	= \$ 0
2. Claimants, Korn and York, are jointly and severally liable for:

Forum Fees	= \$ 9,000
Less payments	= \$ 1,300
Balance Due NASD Dispute Resolution, Inc.	= \$ 7,700
3. Respondent, Merrill Lynch, is solely liable for:

Member Fees	= \$ 7,600
Less payments	= \$ 7,600
Balance Due NASD Dispute Resolution, Inc.	= \$ 0
4. Respondents, Merrill Lynch and Moran, are jointly and severally liable for:

Forum Fees	= \$ 9,000
Less payments	= \$ 1,100
Balance Due NASD Dispute Resolution, Inc.	= \$ 7,900

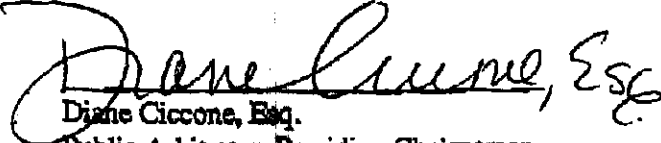
All balances are payable to NASD Dispute Resolution, Inc. and are due upon receipt pursuant to Rule 10330(g) of the Code.

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ARBITRATION PANEL

Diane Ciccone, Esq.	-	Public, Presiding Chairperson
Julian F. Santos	-	Public Arbitrator, Panelist
Elizabeth A. McKinney	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures


Diane Ciccone, Esq.
Public Arbitrator, Presiding Chairperson

6-13-02
Signature Date

Julian F. Santos
Public Arbitrator, Panelist

Signature Date

Elizabeth A. McKinney
Non-Public Arbitrator, Panelist

Signature Date

June 13, 2002
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution, Inc.
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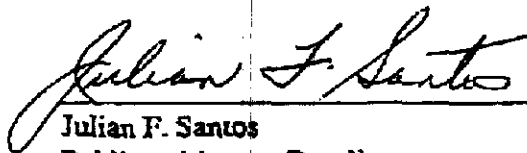
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Diane Ciccone, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Julian F. Santos
Public Arbitrator, Panelist

6/12/02

Signature Date

Elizabeth A. McKinney
Non-Public Arbitrator, Panelist

Signature Date

June 13, 2002

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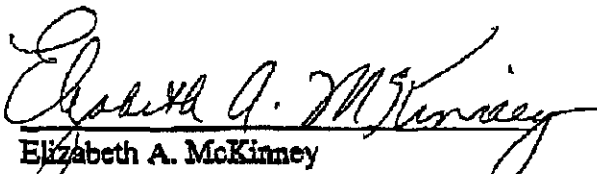
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