

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Michael J. Parham, Jo Ann Parham, Individually and Parham Retirement Plan

and

00-4421
Dallas, Texas

Name of Respondents

Merrill Lynch, Inc.
Ward M. Dahlander

REPRESENTATION OF PARTIES

Michael J. Parham, Jo Ann Parham, Individually and Parham Retirement Plan ("**Claimants**") were represented by N. Henry Simpson, III of Simpson, Wooley & McConachie L.L.P., Dallas, Texas

Merrill Lynch, Inc. ("**Respondent Merrill**") and Ward M. Dahlander ("**Respondent Dahlander**") were represented by Greg May of Munsch, Hardt, Kopf & Harr, P.C., Dallas, Texas

CASE INFORMATION

The Statement of Claim was filed on or about September 9, 2000. Submission Agreement of Claimants Michael J. Parham, Jo Ann Parham, Individually and Parham Retirement Plan were signed on September 25, 2000.

Statement of Answer was filed by Respondents' Merrill Lynch, Inc. and Ward M. Dahlander on or about January 19, 2001. Submission Agreement of Respondent Merrill Lynch, Inc. and Ward M. Dahlander were signed on January 19, 2001.

CASE SUMMARY

Claimant alleged that Respondents Merrill Lynch and Ward Dahlander made an unauthorized distribution of Funds from Claimant's Retirement Planning account. Further, it was alleged that Respondents fraudulently misrepresented Claimant's intentions for a loan of \$50,000 was changed to taxable distribution from the Plan account. Respondent Merrill Lynch is responsible for the negligent

supervision, which contributed to Respondent Dahlander's engaging in this negligent and unauthorized distribution of the funds from the Plan account according to the Claimants.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated at no time did Claimant, Michael Parham, specify that he had wished to take out a "loan" against his Retirement Planning account. Furthermore taking a loan out of his Plan was not an option on the Distribution form, which authorized the withdrawal. The IRS code will not allow investors to "loan" against their Retirement accounts, but an individual is allowed to take an "early/premature distribution", which is what was done in this case. Claimant expressed, ordered, approved, authorized, participated in and ratified the acts and transactions and should be estopped from recovery herein, according to Respondents' Answer.

RELIEF REQUESTED

Claimant requested an award in the amount of \$599,200 in actual damages. Claimant had also requested that attorney's fees, arbitration costs and any other fees in conjunction with this case be determined at a later date.

Respondents requested that the claims asserted against them be denied in its entirety and that they be awarded their costs and attorneys' fees.

AWARD

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

1. The arbitration panel has found that all claims brought by the Michael L. Parham, Jo Ann Parham, Individually and Parham Retirement Plan against Merrill Lynch and Ward L. Dahlander are hereby dismissed in their entirety.
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

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 = \$375

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 is Merrill Lynch, Inc.

Member surcharge	= \$1,200
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$3,500

Adjournment Fees

Adjournments requested during these proceedings:

Hearing Date(s), 4/24/2002 – 4/26/2002 adjournment requested by Merrill Lynch, Inc. = \$1,200

Forum Fees and Assessments

The Arbitration 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:

3 Pre-hearing sessions with a single arbitrator x \$450.00	= \$1,350
Pre-hearing conference(s):	
Date 1/23/2002	1 session
3/11/2002	1 session
4/9/2002	1 session
3 Pre-hearing sessions with Panel x \$1,200	= \$3,600
Pre-hearing conference(s):	
Date 3/27/2001	1 session
1/7/2002	1 session

	2/1/2002	1 session	
4 Hearing sessions x \$1,200			= \$4,800
Hearing Date(s):	Date		
	5/8/2002	2 sessions	
	5/9/2002	2 sessions	
Total Forum Fees			= \$9,750

The Arbitration Panel has assessed \$3,600 of the forum fees to Michael J. Parham, Jo Ann Parham, Individually and Parham Retirement Plan.
The Arbitration Panel has assessed \$6,150 of the forum fees jointly and severally to Merrill Lynch, Inc., Ward M. Dahlander.

Administrative Costs

Fee Summary

Claimants, shall be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 375
<u>Forum Fees</u>	= \$ 3,600
Total Fees	= \$ 3,975
<u>Less payments</u>	= \$ 1,575
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,400

Respondent, Merrill Lynch, Inc., shall be and hereby is liable for:

Member Fees	= \$ 6,100
Adjournment Fee	= \$ 1,200
Total Fees	= \$ 7,300
<u>Less payments</u>	= \$ 2,600
Balance Due NASD Dispute Resolution, Inc.	= \$ 4,700

Respondents, Merrill Lynch, Inc., and Ward M. Dahlander, shall be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$6,150
Balance Due NASD Dispute Resolution, Inc.	= \$6,150

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

D. Richard Dennis - Public Arbitrator, Presiding Chair
Stephen L. Avar - Public Arbitrator
Kenneth R. Hanks - Non-Public Arbitrator

Concurring Arbitrators:

D. Richard Dennis
Public Arbitrator, Presiding Chair

Signature Date

Stephen L. Avar
Public Arbitrator

Signature Date


Kenneth R. Hanks
Non-Public Arbitrator

Signature Date

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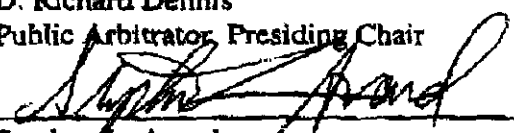
NASD Dispute Resolution, Inc.
Arbitration No. 00-4421
Award Page 5 of 5

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Public Arbitrator

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Kenneth R. Hanks
Non-Public Arbitrator

6-5-2002

Signature Date