

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Aldis Browne III and Maria Munroe Browne, Trustees f/b/o The Browne-Munroe Family Trust,
Claimant v. Morgan Stanley Dean Witter, Inc., James Luke Patterson, Martin W. "Bud" Pernoll,
and William E. Smith, Respondents

Case Number: 00-04712

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimant The Browne-Munroe Family Trust:

Mathew J. Pero, Esq.
Pero & Kaplan
Los Angeles, California

For Respondents Morgan Stanley Dean Witter, Inc.
and James Luke Patterson:

Ronald E. Wood, Esq.
Morgan Stanley Dean Witter, Inc.
Santa Ana, California

For Respondent William E. Smith:

Kevin K. Fitzgerald, Esq.
Jones, Bell, Abbott, Fleming
& Fitzgerald
Los Angeles, California

For Respondent Martin W. "Bud" Pernoll:

Sheldon M. Jaffe, Esq.
Law Offices of Sheldon M. Jaffe
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: October 22, 2000

Amended Statement of Claim: July 5, 2001

Errata Pleading for Amended Statement of Claim: August 9, 2001

Claimant's Uniform Submission Agreement signed: October 16, 2000

Joint Statement of Answer of Morgan Stanley Dean Witter, Inc. and Luke Patterson filed on:
December 22, 2000

Joint Supplemental Statement of Answer of Morgan Stanley Dean Witter, Inc. and Luke
Patterson filed on: August 7, 2001

Respondent Morgan Stanley Dean Witter, Inc.'s Uniform Submission Agreement signed:
December 22, 2000

Respondent Luke Patterson's Uniform Submission Agreement signed: None Filed

Statement of Answer of Martin W. "Bud" Pernoll: January 2, 2001

Respondent Martin W. "Bud" Pernoll's Uniform Submission Agreement signed: December 27,
2000

Statement of Answer of William E. Smith: December 21, 2000

Respondent William E. Smith's Uniform Submission Agreement signed: December 27, 2000

CASE SUMMARY

Claimant alleged failure to execute, unsuitability, fraud, constructive fraud, negligent misrepresentation, negligence, breach of fiduciary duty, breach of contract, failure to supervise and violations of federal and state securities laws involving common stock in Coca Cola.

Respondents each denied the allegations of wrongdoing set forth in both the Claimant's original and amended Statements of Claim.

RELIEF REQUESTED

Claimant's Statement of Claim requested compensatory damages in an amount exceeding \$500,000.00, interest, punitive damages in the sum of \$5,000,000.00, and costs, including attorney's fees.

Claimant's Amended Statement of Claim requested reimbursement for the direct loss to Claimant's account of \$448,000.00, prejudgment interest, consequential damages, exemplary and punitive damages, and costs, including attorney's fees.

Respondents Morgan Stanley Dean Witter, Inc. and Luke Patterson requested dismissal of the Claimant's Statement of Claim in its entirety, expungement of Luke Patterson's securities

industry record, and costs, including attorney's fees.

Respondent Martin W. "Bud" Pernoll requested dismissal of the Claimant's Statement of Claim in its entirety and reimbursement of costs.

Respondent William E. Smith requested dismissal of the Claimant's Statement of Claim in its entirety and reimbursement of costs, including attorney's fees.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Luke Patterson did not file with the NASD Dispute Resolution, Inc. a properly executed submission agreement but is required to submit to arbitration pursuant to the Code and having answered the claim, is bound by the determination of the Panel on all issues submitted.

On March 4, 2002, Claimant dismissed Respondents Martin W. "Bud" Pernoll and William E. Smith with prejudice.

The parties 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, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimant's claims are denied in their entirety.
- 2) The parties shall bear their respective costs and attorney's fees.
- 3) Respondent, Morgan Stanley Dean Witter, Inc. is liable to and shall pay Claimant \$25,000.00 in sanctions for failure to cooperate in discovery.
- 4) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Morgan Stanley Dean Witter, Inc.'s, registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Morgan Stanley Dean Witter, Inc. must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 5) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Luke Patterson's registration records maintained by the NASD Central

Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Luke Patterson must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

- 6) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Martin W. "Bud" Pernoll's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Martin W. "Bud" Pernoll must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 7) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent William E. Smith's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent William E. Smith must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 8) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 600.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events, which gave rise to the dispute, claim, or controversy. Accordingly, the member firm Morgan Stanley Dean Witter, Inc., is a party and the following fees are assessed:

Member Surcharge	= \$ 3,000.00
Pre-Hearing Process Fee	= \$ 600.00
Hearing Process Fee	= \$ 5,000.00
Total Member Fees	= \$ 8,600.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

One (1) Pre-hearing conference session with the Panel @ \$1,200.00/session	= \$ 1,200.00
Pre-hearing conference date: May 29, 2001	1 session
Nine (9) Hearing sessions @ \$1,125.00/session	= \$ 10,125.00
Hearing dates:	
March 4, 2002	2 sessions
March 5, 2002	2 sessions
March 6, 2002	2 sessions
March 7, 2002	2 sessions
March 8, 2002	1 session
Total Forum Fees	= \$ 11,325.00

The Panel assessed \$11,325.00 of the forum fees to Respondent Morgan Stanley Dean Witter, Inc.

Fee Summary

1. Claimant The Browne-Munroe Family Trust is charged with the following fees and costs:

<u>Initial Filing Fee</u>	= \$ 600.00
<u>Total Fees</u>	= \$ 600.00
<u>Less payments</u>	= \$ (1,800.00)
Refund Due to Claimant	= \$ (1,200.00)

2. Respondent, Morgan Stanley Dean Witter, Inc. is charged with the following fees and costs:

<u>Member Fees</u>	= \$ 8,600.00
<u>Forum Fees</u>	= \$ 11,325.00
<u>Total Fees</u>	= \$ 19,925.00
<u>Less payments</u>	= \$ (8,600.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 11,325.00

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

ARBITRATION PANEL

Allan J. Mayer, Esq.
Richard Bryson, Esq.
Robert D. Sussin, Esq.

Presiding Chair, Public Arbitrator
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures



Allan J. Mayer, Esq.
Chair, Public Arbitrator

April 17 2002
Signature Date

Richard Bryson, Esq.
Public Arbitrator

Signature Date

Robert D. Sussin, Esq.
Non-Public Arbitrator

Signature Date

4/18/02
Date of Service

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<i>Allan J. Mayer, Esq.</i>	-	<i>Presiding Chair, Public Arbitrator</i>
<i>Richard Bryson, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Robert D. Sussin, Esq.</i>	-	<i>Non-Public Arbitrator</i>

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Signature Date


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Public Arbitrator

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Signature Date

Robert D. Sussin, Esq.
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