

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Nancy Nechay

Case No. 00-05031

Name of Respondent

Merrill Lynch Pierce Fenner & Smith, Inc

Hearing Site: Baltimore, Maryland

REPRESENTATION OF PARTIES

Claimant, Nancy Nechay ("Nechay"), hereinafter referred to as "Claimant": Steven Schwartz, Esq., Dover, Delaware.

Respondent, Merrill Lynch Pierce Fenner & Smith, Inc. ("Merrill Lynch") hereinafter referred to as "Respondent": Kevin T. Duffy, Jr., Esq., Office of General Counsel, Merrill Lynch withdrew as counsel on or about January 9, 2002; thereafter represented by, John L. Reed, Esq., Duane Morris LLP, Wilmington, Delaware.

CASE INFORMATION

Statement of Claim filed on: November 13, 2000

Claimant signed the Uniform Submission Agreement: January 22, 2000

Statement of Answer filed by Respondent on: January 9, 2001

Respondent did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: fraud, negligence, and failure to supervise. The causes of action relate to the purchase and sale of Compaq and Leap Group common stock.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses, among others: failure to state claims upon which relief can be granted; estoppel; ratification of the acts complained of in the Statement of Claim; failure to exercise due diligence; and, failure to mitigate damages, if any.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$50,000.00 with interest at the rate of 9.75% or, in the alternative, compensatory damages in the amount of \$72,500.00 with interest at the rate of 9.75%. Claimant also requested punitive damages in the amount of \$3,500,000.00 and attorney's fees and other costs of an unspecified amount.

Respondent requested that the Statement of Claim be dismissed in its entirety and that the costs of this proceeding be assessed against the Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

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

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

1. That Claimant's claim for compensatory damages in the amount of \$50,000.00 and interest of 9.75% is denied in its entirety;
2. That Claimant's alternative claim for compensatory damages in the amount of \$72,500.00 and interest of 9.75% is denied in its entirety;
3. That Claimant's claim for punitive damages is denied in its entirety;
4. That Claimant's claim for attorney's fees is denied in its entirety;
5. That the parties shall bear their respective costs, except as to Fees specifically addressed below; and
6. That any and all claims not specifically addressed herein are denied in their entirety.

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 = \$600.00

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 a party.

Member surcharge = \$2,500.00

Pre-hearing process fee = \$ 600.00

Hearing process fee = \$4,500.00

Forum Fees and Assessments

The panel has the authority to assess 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:

Two (2) Pre-hearing sessions with panel x \$ 1,200.00 = \$2,400.00

Pre-hearing conferences: July 31, 2001 → 1 session
January 10, 2002 1 session

Two (2) Hearing sessions x \$1,200.00 = \$2,400.00

Hearing Date: April 3, 2002 2 sessions

Total Forum Fees = \$4,800.00

The panel has assessed \$2,400.00 of the forum fees to Claimant.

The panel has assessed \$2,400.00 of the forum fees to Respondent.

Fee Summary

Claimant is assessed the following fees:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$ 2,400.00

Total Fees	= \$ 3,000.00
Less payments	= \$ 975.00

Balance Due NASD Dispute Resolution, Inc.	= \$ 2,025.00
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Respondent is assessed the following fees:

Member Fees	= \$ 7,600.00
Forum Fees	= \$ 2,400.00

Total Fees	= \$ 10,000.00
Less payments	= \$ 5,600.00

Balance Due NASD Dispute Resolution, Inc.	= \$ 4,400.00
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All balances are due to NASD Dispute Resolution, Inc.

NASD Dispute Resolution, Inc.

Arbitration No. 00-05031

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ARBITRATION PANEL

Bruce Sanders, Esq.

Marshall Passman

Robert T. Reeves

Public Arbitrator, Chairman

Public Arbitrator, Panelist

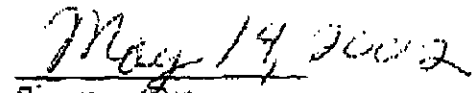
Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures



Bruce Sanders, Esq.

Public Arbitrator, Chairman



Signature Date

Marshall Passman

Public Arbitrator, Panelist

Signature Date

Robert T. Reeves

Non-Public Arbitrator, Panelist

Signature Date



Date of Service (For NASD-Dispute Resolution office use only)

ARBITRATION PANEL

Bruce Sanders, Esq.	-	Public Arbitrator, Chairman
Marshall Passman	-	Public Arbitrator, Panelist
Robert T. Reeves	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

Bruce Sanders, Esq.
Public Arbitrator, Chairman

Signature Date


Marshall Passman
Public Arbitrator, Panelist

5/14/02
Signature Date

Robert T. Reeves
Non-Public Arbitrator, Panelist

Signature Date

May 15, 2002
Date of Service (For NASD Dispute Resolution office use only)

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Robert T. Reeves	-	Non-Public Arbitrator, Panelist

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Non-Public Arbitrator, Panelist

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