

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Ali Heravi and Amo, Inc., Claimants v. Morgan Stanley DW, Inc. and Debbie A. Gianelli,
Respondents

Case Number: 01-00615

Hearing Site: Seattle, Washington

REPRESENTATION OF PARTIES

For Claimants:

Thomas P. Sughrua, Esq.
Sughrua & Associates, Inc.
Seattle, Washington

For Respondents:

Christopher B. Wells, Esq.
Lane Powell Spears Lubersky LLP
Seattle, Washington

CASE INFORMATION

Statement of Claim received: February 5, 2001

Claimants' Joint Uniform Submission Agreement signed: January 25, 2001

Joint Statement of Answer of Respondents Morgan Stanley DW, Inc. and Debbie A. Gianelli
received: June 12, 2001

Respondent Morgan Stanley DW, Inc.'s Uniform Submission Agreement signed: June 11, 2001

Respondent Debbie A. Gianelli's Uniform Submission Agreement signed: June 11, 2001

CASE SUMMARY

Claimants alleged breach of contract, negligence, failure to supervise, breach of fiduciary duty, misrepresentation, unauthorized trading, omission of facts, churning, unsuitability, and violations of the Washington Securities Act and the Washington Consumer Protection Act in the trading of various securities.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim and asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested \$613,450.00 in compensatory damages, \$1,800,000.00 in punitive damages, \$70,000.00 in interest, attorney's fees, and costs.

Respondents requested dismissal of the Claimants' Statement of Claim in its entirety, costs, and requested that the panel recommend that all references to this matter be expunged from the CRD registration records of Respondent Debbie A. Gianelli.

OTHER ISSUES CONSIDERED AND DECIDED

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) Claimants' claims are denied in their entirety.
- 2) Claimants' request for punitive damages is denied.
- 3) The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Debbie A. Gianelli's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Respondent Debbie A. Gianelli must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 4) The parties shall bear their respective costs, including attorney's fees.
- 5) 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 received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 500.00
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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 that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Morgan Stanley DW, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 2,500.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	= \$ 4,500.00
Total Member Fees	= \$ 7,600.00

Adjournment Fees

The following adjournment fees are assessed:

June 18-19, 2003 stipulated adjournment requested by the Parties in order to attend NASD Mediation	= WAIVED
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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 Panel.

The following fees are assessed:

Two (2) Pre-hearing conference session with the Panel @ \$1,200.00/session	= \$ 2,400.00
Pre-hearing conference: January 17, 2002	1 session
March 7, 2003	1 session
One (1) Pre-hearing conference session with the Chairperson @ \$450.00/session	= \$ 450.00
Pre-hearing conference: April 4, 2003	1 session

Seven (7) Hearing sessions @ \$1,200/session = \$ 8,400.00

Hearings:	May 28, 2003	2 sessions
	May 29, 2003	2 sessions
	May 30, 2003	2 sessions
	July 11, 2003	1 session

Total Forum Fees = \$ 11,250.00

- 1) The Panel assessed \$6,750.00 of the forum fees to Claimants Ali Heravi and Amo, Inc. jointly and severally.
- 2) The Panel assessed \$4,500.00 of the forum fees to Respondent Morgan Stanley DW, Inc.

Fee Summary

1. Claimants Ali Heravi and Amo, Inc. are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 6,750.00
Total Fees	= \$ 7,250.00
Less payments	= \$ (1,700.00)
Balance Due NASD Dispute Resolution	= \$ 5,550.00

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

Member Fees	= \$ 7,600.00
Forum Fees	= \$ 4,500.00
Total fees	= \$12,100.00
Less payments	= \$ (8,200.00)
Balance Due NASD Dispute Resolution	= \$ 3,900.00

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

ARBITRATION PANEL

Laurie E. Law, Esq.	-	Public Arbitrator, Presiding Chair
James R. Phippard, Esq.	-	Public Arbitrator
Judith A. Cochrane	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



LAURIE E. LAW, ESQ.
Chair, Public Arbitrator

8/1/03
Signature Date

JAMES R. PHIPPARD, ESQ.
Public Arbitrator

Signature Date

JUDITH A. COCHRANE
Non-Public Arbitrator

Signature Date

8/5/03
Date of Service

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<i>Laurie E. Law, Esq.</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>James R. Phippard, Esq.</i>	.	<i>Public Arbitrator</i>
<i>Judith A. Cochrane</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

LAURIE E. LAW, ESQ.
Chair, Public Arbitrator

Signature Date



JAMES R. PHIPPARD, ESQ.
Public Arbitrator

8-04-03

Signature Date

JUDITH A. COCHRANE
Non-Public Arbitrator

Signature Date

8/5/03

Date of Service

ARBITRATION PANEL

Laurie E. Law, Esq.

Public Arbitrator, Presiding Chair

James R. Phippard, Esq.

Public Arbitrator

Judith A. Cochrane

Non-Public Arbitrator

Concurring Arbitrators' Signatures

LAURIE E. LAW, ESQ.
Chair, Public Arbitrator

Signature Date

JAMES R. PHIPPARD, ESQ.
Public Arbitrator

Signature Date



JUDITH A. COCHRANE
Non-Public Arbitrator

8/4/03

Signature Date

8/5/03

Date of Service