
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Richard Miles Revocable Living Trust,
Claimant

Vs.

Case Number: 01-00923

Merrill Lynch, Pierce, Fenner & Smith, Inc., and
Guy B. Knapp,
Respondents.

Hearing Site: St. Louis, Missouri

REPRESENTATION OF PARTIES

Claimant Richard Miles Revocable Living Trust ("Claimant") was represented by Stuart R. Berkowitz, Esquire, of Platke & Berkowitz, LLP, St. Louis, Missouri.

Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch"), and Guy B. Knapp ("Knapp") were represented by Edwin L. Noel, Esquire, and Jeffrey H. Kass, Esquire, of Armstrong Teasdale, LLP, St. Louis, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about February 23, 2001.
Claimant's Uniform Submission Agreement was signed by Richard Miles, as Trustee for Claimant, and filed on or about February 23, 2001.

The joint Statement of Answer on behalf of Respondents Merrill Lynch and Knapp was filed on or about May 2, 2001.

William J. Manning, Jr., signed the Uniform Submission Agreement on behalf of Merrill Lynch on April 30, 2001.

Knapp did not file an executed Uniform Submission Agreement.

CASE SUMMARY

Claimant alleged the following: negligence, unsuitability, failure to supervise and violation of Missouri state laws. These allegations involved transactions in various common stocks in a margin account.

Unless otherwise admitted in their Statement of Answer, Respondents denied Claimant's allegations and asserted the following affirmative defenses: failure to state a claim upon which relief can be granted and ratification.

RELIEF REQUESTED

Claimant requested the following in the Statement of Claim:

Compensatory Damages	\$500,000.00
Interest	8% per annum
Costs	not specified
Attorney's Fees	not specified

Respondents requested that Claimant's claims be denied in their entirety, and that they be awarded costs and attorney's fees.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the commencement of the hearing, the parties agreed on the record to proceed with a Panel composed of the two undersigned arbitrators, the third arbitrator appointed to hear this matter having withdrawn prior to the hearing.

At the hearing, the undersigned Panel directed the parties to submit post-hearing briefs. Claimant filed a post-hearing brief on or about September 23, 2002. Merrill Lynch and Knapp jointly filed a post-hearing brief on or about September 23, 2002.

Respondent Guy B. Knapp did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301(a) of the Code of Arbitration Procedure ("the Code"), and having answered the Statement of Claim and having been represented by counsel at the hearing and throughout the proceedings, is bound by the determination of the Panel on all issues submitted for its determination.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions, the undersigned Panel finds in full and final resolution of the issues submitted for determination as follows:

1. Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc., and Guy B. Knapp are jointly and severally liable for, and shall pay to Claimant Richard Miles Revocable Living Trust, the sum of \$8,374.40 (Eight Thousand Three Hundred Seventy-four Dollars and Forty Cents) as compensatory damages.
2. Except as otherwise specified herein, each party shall bear its own costs and expenses.
3. Any and all relief not specifically addressed herein is denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the following non-refundable filing fee:

Initial claim filing fee = \$ 300.00

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 = \$ 1,500.00

Pre-hearing process fees = \$ 600.00

Hearing process fees = \$ 2,500.00

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:

One (1) Pre-hearing session with single arbitrator x \$450 = \$ 450.00

Pre-hearing conference: July 23, 2002 1 session

One (1) Pre-hearing session with Panel x \$1,125 = \$ 1,125.00

Pre-hearing conference: March 26, 2002 1 session

Six (6) Hearing sessions x \$1,125 = \$ 6,750.00

Hearing Dates: September 10, 2002 2 sessions

September 11, 2002 2 sessions

September 12, 2002 2 sessions

Total Forum Fees = \$ 8,325.00

The Panel has assessed the forum fees incurred in this arbitration as follows: 50% solely to Claimant Richard Miles Revocable Living Trust, and 50% jointly and severally to Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc., and Guy B. Knapp.

FEE SUMMARY

1. Claimant Richard Miles Revocable Living Trust is solely liable for:

Initial Filing Fee = \$ 300.00

Forum Fees = \$ 4,162.50

Total Fees = \$ 4,462.50

Less payments = \$ 1,575.00

Balance Due to NASD Dispute Resolution = \$ 2,887.50

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NASD REGULATION

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2. Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc., is solely liable for:

Member Fees	= \$ 4,600.00
Total Fees	= \$ 4,600.00
Less payments	= \$ 4,600.00
Balance Due to NASD Dispute Resolution	= \$ 0.00

3. Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc., and Guy B. Knapp are jointly and severally liable for:

Forum Fees	= \$ 4,162.50
Total Fees	= \$ 4,162.50
Less payments	= \$ 0.00
Balance Due to NASD Dispute Resolution	= \$ 4,162.50

All balances are due to NASD Dispute Resolution.

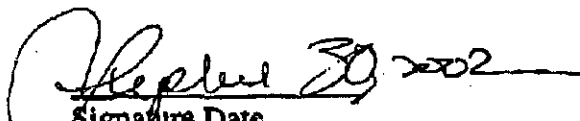
ARBITRATION PANEL

Leah M. Balk, Esq.
Bryan A. McDonald

- Public Arbitrator, Chairperson
- Non-Public Arbitrator

Concurring Arbitrators' Signatures


Leah M. Balk, Esq.
Chairperson


Signature Date

Bryan A. McDonald
Non-Public Arbitrator

Signature Date

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

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2. Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc., is solely liable for:

<u>Member Fees</u>	= \$ 4,600.00
<u>Total Fees</u>	= \$ 4,600.00
<u>Less payments</u>	= \$ 4,600.00
Balance Due to NASD Dispute Resolution	= \$ 0.00

3. Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc., and Guy B. Knapp are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 4,162.50
<u>Total Fees</u>	= \$ 4,162.50
<u>Less payments</u>	= \$ 0.00
Balance Due to NASD Dispute Resolution	= \$ 4,162.50

All balances are due to NASD Dispute Resolution.

ARBITRATION PANEL

Leah M. Balk, Esq.

Public Arbitrator, Chairperson

Bryan A. McDonald

Non-Public Arbitrator

Concurring Arbitrators' Signatures

Leah M. Balk, Esq.

Signature Date

Chairperson

Bryan A. McDonald

September 30, 2002

Bryan A. McDonald

Signature Date

Non-Public Arbitrator

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