

**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Name of the Claimant  
Douglas Maurice Rich

Case Number: 01-02646

Name of the Respondents  
Dave M. Connolly  
Steven Ford

Hearing Site: Washington, DC

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**REPRESENTATION OF PARTIES**

Claimant, Douglas Maurice Rich ("Rich"), hereinafter referred to as "Claimant": pro se.

Respondents, Dave M. Connolly ("Connolly") and Steven Ford ("Ford"), hereinafter collectively referred to as "Respondents": Howard M. Sendrovitz, Morgan Stanley DW, Inc., New York, NY.

**CASE INFORMATION**

Statement of Claim filed on: May 16, 2001

Claimant signed the Uniform Submission Agreement: May 15, 2001

Statement of Answer filed by Respondents on: August 13, 2001

Connolly did not sign a Uniform Submission Agreement.

Ford did not sign a Uniform Submission Agreement.

Motion to Dismiss filed by Ford on: August 13, 2001

Motion to Strike Respondents' Answer and Bar Respondents' Defenses filed by Claimant on or about: August 16, 2001

**CASE SUMMARY**

Claimant asserted the following causes of action: negligence; churning; unauthorized trading; failure to supervise; and, breach of fiduciary duty. The causes of action relate to the purchase and sale of shares of Travelers Insurance (TRV).

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 a claim upon which relief can be granted; approval, authorization and ratification; contributory

negligence; waiver; and, estoppel and laches.

**RELIEF REQUESTED**

Claimant requested:

Compensatory Damages	\$ 1,200,000.00
Punitive Damages	\$ 1,000,000.00

Respondent requested that the panel dismiss Claimant's claims in their entirety, issue an order expunging this action from the Central Registration Depository ("CRD") records of Connolly and Ford, and award Respondents the costs and expenses of this arbitration.

**OTHER ISSUES CONSIDERED AND DECIDED**

Ford's Motion to Dismiss was deemed moot by the Panel.

At the hearing, Respondents moved to dismiss the case. Respondents' Motion to Dismiss was deemed moot by the Panel.

At the hearing, Respondents moved to expunge references to this arbitration from Connolly's and Ford's CRD records. Respondents' Motion to Expunge was granted.

Prior to the hearing, the Panel approved the parties' agreement for Claimant to appear telephonically at the hearing. Pursuant to that agreement, NASD provided Claimant a toll-free number. On the day of the hearing, Claimant did not call and could not be contacted. The Panel decided to proceed with the hearing despite Claimants absence and with only Respondents present.

Respondents did not file with NASD Dispute Resolution a properly executed submission to arbitration but are required to submit to arbitration pursuant to the Code. Respondents, having answered the claim, appeared and testified at the hearing, are 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. Claimant's claims are denied in their entirety;

2. The Panel recommends the expungement of all reference to the above captioned arbitration from Connolly's and Ford's registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Connolly and Ford must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and,
4. Any and all relief not specifically addressed herein, including punitive damages, is denied.

#### **FEES**

Pursuant to the Code, the following fees are assessed:

##### **Filing Fees**

NASD Dispute Resolution 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. Accordingly, Morgan Stanley is the Respondents' firm.

Member surcharge = \$ 2,500.00

Pre-hearing process fee = \$ 600.00

Hearing process fee = \$ 4,500.00

##### **Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. A 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 Panel @ \$ 1,200.00 = \$ 1,200.00

Pre-hearing conference: April 23, 2002 1 session

One (1) Hearing session @ \$ 1,200.00 = \$ 1,200.00

Hearing Date: July 17, 2002 1 session

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Total Forum Fees = \$ 2,400.00

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

**Fee Summary**

1. Claimant is assessed:  
Initial Filing Fee = \$ 600.00  
Forum Fees = \$ 2,400.00

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Total Fees = \$ 3,000.00  
Less payments = \$ 1,800.00

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Balance Due NASD Dispute Resolution = \$ 1,200.00

2. Respondents are assessed:  
Fees = \$ 0.00

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Total Fees = \$ 0.00  
Less payments = \$ 0.00

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Balance Due NASD Dispute Resolution = \$ 0.00

3. Morgan Stanley is assessed:  
Member Fees = \$ 7,600.00

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Total Fees = \$ 7,600.00  
Less payments = \$ 8,100.00

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Refund Due Morgan Stanley = \$ 500.00

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

**ARBITRATION PANEL**

John A. Gray, Esq.

- Public Arbitrator, Presiding Chairperson

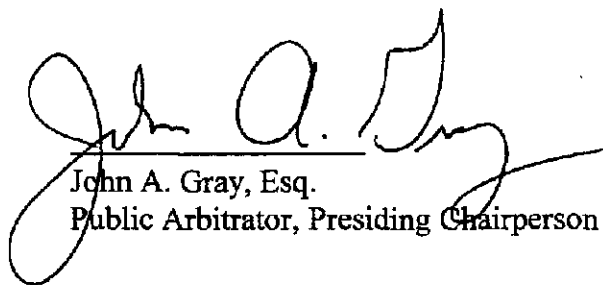
Jacqueline R. Scott, Esq.

Phillip R. Clark

- Public Arbitrator, Panelist

- Non-Public Arbitrator, Panelist

**Concurring Arbitrators' Signatures**



John A. Gray, Esq.  
Public Arbitrator, Presiding Chairperson

8-22-02

Signature Date

Jacqueline R. Scott, Esq.  
Public Arbitrator, Panelist

Signature Date

Phillip R. Clark  
Non-Public Arbitrator, Panelist

Signature Date

August 28, 2002  
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

Arbitration No. 01-02646

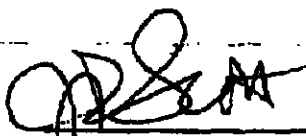
Award Page 6

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\_\_\_\_\_  
John A. Gray, Esq.

Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  


Jacqueline R. Scott, Esq.  
Public Arbitrator, Panelist

\_\_\_\_\_  
8-27-02

Signature Date

\_\_\_\_\_  
Phillip R. Clark

Non-Public Arbitrator, Panelist

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Award Page 6

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John A. Gray, Esq.

Public Arbitrator, Presiding Chairperson

Signature Date

Jacqueline R. Scott, Esq.

Public Arbitrator, Panelist

Signature Date

Phillip R. Clark

Phillip R. Clark

Non-Public Arbitrator, Panelist

8/20/02  
Signature Date

August 28, 2002

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