

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Todd Taliaferro

and

Case Number: 01-02677
Hearing Site: Troy, Michigan

Names of Respondents

Merrill Lynch Pierce Fenner & Smith, Inc.,
and Edward W. Godfrey

REPRESENTATION OF PARTIES

Todd Taliaferro ("Claimant") was represented by Anthony V. Trogan, Esq., West Bloomfield, Michigan.

Merrill Lynch Pierce Fenner & Smith, Inc. ("MLPFS") and Edward W. Godfrey ("Godfrey") were represented by Terry R. Weiss, Esq., Sutherland Asbill & Brennan, LLP., Atlanta, Georgia.

CASE INFORMATION

The Statement of Claim was filed on or about May 14, 2001. The Submission Agreement of Claimant Todd Taliaferro was signed on or about April 20, 2001.

Statement of Answer was filed by Respondents Merrill Lynch Pierce Fenner & Smith, Inc. and Edward W. Godfrey on or about December 18, 2001. The Submission Agreement of Respondent Merrill Lynch Pierce Fenner & Smith, Inc. was signed on or about December 17, 2001, by Charles McDonald. The Submission Agreement of Respondent Edward W. Godfrey was signed on or about December 5, 2001.

CASE SUMMARY

Claimant asserted the following legal theories: breach of contract, common law fraud, conspiracy, promissory estoppel, conversion, negligence, malpractice, breach of fiduciary duty, and breach of Michigan securities law. The causes of action relate to the execution of Vodafone stock options.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim fails to state a cause of action upon which relief may be granted, the Statement of Claim is barred, in whole or in part, by the equitable doctrines of estoppel and waiver, all activity in the account was suitable for and consistent with Claimant's stated investment objectives, and Claimant authorized, directed and ratified all of the transactions in the account.

RELIEF REQUESTED

Claimant requested an award in the amount of \$712,000.00 as out-of-pocket damages, in addition to interest, costs, attorney fees, punitive and exemplary damages, rescission, and additional damages as allowed by the Panel.

Respondents requested that the claims asserted against them be denied in their entirety and that Claimants be ordered to pay all fees. At hearing, Respondent Godfrey orally requested expungement of his CRD record.

OTHER ISSUES CONSIDERED & DECIDED

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondent Merrill Lynch Pierce Fenner & Smith, Inc., is liable for and shall pay to Claimant, Todd Taliaferro, the sum of \$53,776.78 in compensatory damages;
- 2.) Claimant's claims, each and all, against Respondent Edward W. Godfrey are denied and dismissed;
- 3.) That other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
- 4.) The panel recommends the expungement of all reference to the above captioned arbitration from Respondent Edward W. Godfrey's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Godfrey must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 5.) That any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 375.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firm is Merrill Lynch Pierce Fenner & Smith, Inc.

Member surcharge = \$2,000.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$3,500.00

Forum Fees and Assessments

The Arbitration Panel assesses 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:

Four (4) Hearing sessions x \$1,200.00 = \$4,800.00
Hearing Dates: January 28, 2003 2 sessions
January 29, 2003 2 sessions

Total Forum Fees = \$4,800.00

The Arbitration Panel has assessed \$2,400.00 of the forum fees to Todd Taliaferro.

The Arbitration Panel has assessed \$2,400.00 of the forum fees to Merrill Lynch Pierce Fenner & Smith, Inc.

Fee Summary

Claimant, Todd Taliaferro, is liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 2,400.00
<hr/> Total Fees	<hr/> = \$ 2,775.00
Less payments	= \$ 1,575.00
Balance Due NASD Dispute Resolution	= \$ 1,200.00

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

Member Fees	= \$ 6,100.00
Forum Fees	= \$ 2,400.00
Total Fees	= \$ 8,500.00
Less payments	= \$ 2,600.00
Balance Due NASD Dispute Resolution	= \$ 5,900.00

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

ARBITRATION PANEL

Kenneth J. Safran, Esq. - Public Arbitrator, Presiding Chair
Walter H. Clements, Esq. - Public Arbitrator
Mark A. Cleland - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Kenneth J. Safran
Kenneth J. Safran, Esq.
Public Arbitrator, Presiding Chair

02/19/03
Signature Date

/s/ Walter H. Clements, Esq.
Walter H. Clements, Esq.
Public Arbitrator

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/s/ Mark A. Cleland
Mark A. Cleland
Non-Public Arbitrator

02/20/03
Signature Date

02/20/03
Date of Service (For NASD office use only)

NASD Dispute Resolution
Arbitration No. 01-02577
Award Page 4 of 4

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

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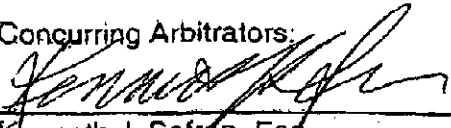
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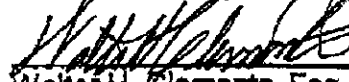
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