

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Todd D. Stout (Claimant) v. Morgan Stanley DW, Inc. and Regina Knight (Respondents)

Case Number: 02-04932

Hearing Site: Columbus, Ohio

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

Claimant Todd D. Stout ("Stout") hereinafter referred to as "Claimant": John F. Marsh, Esq., Porter Wright Morris & Arthur, LLP, Columbus, OH.

Respondent Morgan Stanley DW, Inc. ("MSDW"): Michael A. Gross, Esq., Ulmer & Berne, LLP, Cleveland, OH.

Respondent Regina Knight ("Knight"): Gregory B. Mathews, Esq., Fusco, Mackey, Mathews & Watkins, LLP, Westerville, OH.

CASE INFORMATION

Statement of Claim filed on or about: August 21, 2002.

Claimant signed the Uniform Submission Agreement: September 11, 2002.

Statement of Answer filed by Respondent MSDW on or about: November 27, 2002.

Respondent MSDW signed the Uniform Submission Agreement: September 30, 2002.

Statement of Answer filed by Respondent Knight on or about: November 27, 2002.

Respondent Knight signed the Uniform Submission Agreement: December 16, 2002.

CASE SUMMARY

Claimant asserted the following causes of action: conversion; negligence; breach of fiduciary duty; and breach of contract. The causes of action relate to common stock and mutual funds.

Unless specifically admitted in its Answer, Respondent MSDW denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in her Answer, Respondent Knight denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$200,000.00; punitive damages in the amount of \$200,000.00; rescission; attorneys' fees and prejudgment interest; and such other relief that is just and appropriate.

Respondent MSDW requested that this case be dismissed in its entirety, that judgment be rendered in its favor and against Claimant; costs, including reasonable attorneys' fees and forum fees.

Respondent Knight requested that the case be dismissed in its entirety, that judgment be rendered in her favor and against Claimant, and costs, including attorneys' fees and forum fees.

OTHER ISSUES CONSIDERED AND 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.

AWARD

After considering the pleadings, and 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. The claims of Claimant are denied in their entirety.
2. 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 = \$300.00

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. Accordingly, Morgan Stanley DW, Inc. is a party.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

December 8-11, 2003, adjournment by Claimant = \$1,125.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

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

Pre-hearing conference: May 27, 2003 1 session

Eight (8) Hearing sessions @ \$1,125.00 = \$ 9,000.00

Hearing Dates: November 29, 2004 2 sessions
November 30, 2004 2 sessions
December 1, 2004 2 sessions
December 2, 2004 2 sessions

Total Forum Fees = \$10,125.00

1. The Panel has assessed \$10,125.00 of the forum fees against MSDW.

Panel's Explanation For Allocation of Forum Fees

The Panel believes that Morgan Stanley DW, Inc. did not properly supervise Regina Knight in violation of NASD Rule 3010. Morgan Stanley DW, Inc. failed to ensure that its compliance procedures were followed. Neither the actions of Knight, nor the failure to supervise resulted in any losses to the Claimant. The losses were caused by the actions of the market on investments, which the Claimant selected.

However, if the compliance procedures had been followed, the firm would have been able to present sufficient pre-hearing evidence to the Claimant to refute the allegations in the claim and, in all probability, the case would not have proceeded to a hearing.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 300.00
<u>Adjournment Fee</u>	= \$ 1,125.00
Total Fees	= \$ 1,425.00
<u>Less payments</u>	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 0.00

2. Respondent MSDW is solely liable for:

Member Fees	= \$ 5,200.00
<u>Forum Fees</u>	= \$10,125.00
Total Fees	= \$15,325.00

<u>Less payments</u>	<u>= \$ 5,200.00</u>
Balance Due NASD Dispute Resolution	= \$10,125.00


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

ARBITRATION PANEL

Charles W. Kohler, Esq.	-	Public Arbitrator, Presiding Chairperson
Jo Ann Numbers	-	Public Arbitrator
Kenneth Kleeman	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Charles W. Kohler, Esq.
Public Arbitrator, Presiding Chairperson

12/16/04
Signature Date

Jo Ann Numbers
Public Arbitrator

Signature Date

Kenneth Kleeman
Non-Public Arbitrator

Signature Date

December 21, 2004

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

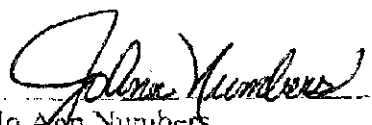
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Charles W. Kohler, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date


Jo Ann Numbers
Public Arbitrator

12/9/04
Signature Date

Kenneth Kleeman
Non-Public Arbitrator

Signature Date

December 21, 2004

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Signature Date

December 21, 2004

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