

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Patricia Krisfalusi-Meadows

and

Case Number: 02-05269

Hearing Site: Southfield, Michigan

Names of Respondents

Merrill Lynch Pierce Fenner & Smith, Inc.

Merrill Lynch and

William M. Lelich

NATURE OF CASE

Customer v. Member, Non-Member and Associated Person

REPRESENTATION OF PARTIES

Patricia Krisfalusi-Meadows ("Claimant") was represented by Anthony V. Trogan, Esq. and Lysa Postula-Stein, Esq., Law Offices of Anthony V. Trogan, P.L.L.C., West Bloomfield, Michigan.

Merrill Lynch Pierce Fenner & Smith, Inc. ("MLPFS") was represented by Thomas R. Cox, Esq., Clarence L. Pozza, Jr., Esq., and P. Rivka Schochet, Miller Canfield Paddock and Stone, P.L.C., Detroit, Michigan

Merrill Lynch did not appear.

William M. Lelich ("Lelich") was represented by Brian Smith, Esq., Law Offices of Alan R. Miller, P.C., Birmingham, Michigan.

CASE INFORMATION

The Statement of Claim was filed on or about September 4, 2002. The Submission Agreement of Claimant Patricia Krisfalusi-Meadows was signed on or about August 20, 2003.

Statement of Answer and Motion for More Definite Statement was filed by Respondent MLPFS on or about November 12, 2002.

Statement of Answer was filed by Respondent Lelich on or about November 6, 2002.

Claimant filed a Response to Respondents' Motion for More Definite Statement on or about November 27, 2002

Claimant's First Amended Statement of Claim was filed on or about May 22, 2003. Answer to Claimant's Amended Statement of Claim was filed by Respondent Merrill Lynch Pierce Fenner & Smith, Inc. on or about June 10, 2003.

CASE SUMMARY

Claimant asserted the following legal theories: breach of contract, common law fraud, conspiracy, promissory estoppel, negligence, malpractice, breach of fiduciary duty, and breach of Michigan securities law. The causes of action relate to Claimant's allegations of extremely aggressive trading, including margin trading in various securities, including Qualcomm, Doubleclick and Circuit City.

Unless specifically admitted in its Answer, Respondent MLPFS denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim and all claims therein fail to state a claim upon which relief can be granted, the Statement of Claim and all claims therein are barred by reason of the applicable statute of limitations or other period of limitations, and the Statement of Claim and all claims therein are barred by reason of Claimant's negligence, comparative negligence and contributory negligence.

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

RELIEF REQUESTED

Claimant requested an award in the amount of \$245,000.00 in losses, interest at 12%, costs, actual attorney fees, exemplary and punitive damages, additional damages as allowed by the Panel, and rescission.

Respondent MLPFS requested that the claims asserted against it be dismissed and it be awarded its costs.

Respondent Lelich requested that the claims asserted against him be dismissed in their entirety and that he be awarded his costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Merrill Lynch Pierce Fenner & Smith, Inc. did not file with the NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to

arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

Claimant did not present a contract to arbitrate with Respondent Merrill Lynch. Merrill Lynch is not an NASD member firm and did not voluntarily submit to arbitration. As such, Merrill Lynch is not subject to NASD jurisdiction and the Panel did not adjudicate any issues against this Respondent.

Respondent William Lelich filed for bankruptcy on or about January 6, 2003, and is subject to an automatic stay. At hearing, Claimant dismissed her claim against Respondent Lelich without prejudice. The Panel did not adjudicate any claims against Respondents Lelich.

In its Order entered on or about May 1, 2003, the Panel granted Respondent MLPFS' Motion for more Definite Statement of Claim and denied Respondent's request for costs.

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 NASD Dispute Resolution ("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, Patricia Krisfalusi-Meadows, the sum of \$88,320.00 in compensatory damages;
- 2.) Respondent, Merrill Lynch Pierce Fenner & Smith, Inc., is liable for and shall pay to Claimant, Patricia Krisfalusi-Meadows, interest at the rate of 4.189% per annum on the above-stated sum from and including December 15, 2000, through and including the date this award is paid in full;
- 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.) That any relief not specifically enumerated, including exemplary and 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 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 persons 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 = \$ 1,700.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$ 2,750.00

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:

Two (2) Pre-hearing sessions with Panel x \$1,125.00 = \$ 2,250.00

Pre-hearing conferences:	March 10, 2003	1 session
	May 1, 20403	1 session

Six (6) Hearing sessions x \$1,125.00 = \$ 6,750.00

Hearing Dates:	September 30, 2003	2 sessions
	October 1, 2003	2 sessions
	October 2, 2003	2 sessions

Total Forum Fees = \$ 9,000.00

The Arbitration Panel has assessed \$4,500.00 of the forum fees to Patricia Krisfalusi-Meadows.

The Arbitration Panel has assessed \$4,500.00 of the forum fees to Merrill Lynch Pierce Fenner & Smith, Inc.

Fee Summary

Claimant, Patricia Krisfalusi-Meadows, is liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 4,500.00
Total Fees	= \$ 4,800.00
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 3,375.00

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

Member Fees	= \$ 5,200.00
Forum Fees	= \$ 4,500.00
Total Fees	= \$ 9,700.00
Less payments	= \$ 5,950.00
Balance Due NASD Dispute Resolution	= \$ 3,750.00

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

ARBITRATION PANEL

Burton L. Ansell, Esq. - Public Arbitrator, Presiding Chair
Robert L. Nichols, Sr. - Public Arbitrator
Joseph R. Papo - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Burton L. Ansell, Esq.
Burton L. Ansell, Esq.
Public Arbitrator, Presiding Chair

10/28/03
Signature Date

/s/ Robert L. Nichols, Sr.
Robert L. Nichols, Sr.
Public Arbitrator

10/28/03
Signature Date

/s/ Joseph R. Papo
Joseph R. Papo
Non-Public Arbitrator

10/29/03
Signature Date

10/30/03
Date of Service (For NASD office use only)

NASD Dispute Resolution
Arbitration No. 02-05289
Award Page 5 of 5

Fee Summary

Claimant, Patricia Krisfalusi-Meadows, is liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 4,500.00
Total Fees	= \$ 4,800.00
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 3,375.00

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

Member Fees	= \$ 5,200.00
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Joseph R. Papo - Non-Public Arbitrator

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Burton L. Ansell, Esq.
Public Arbitrator, Presiding Chair

10/28/03
Signature Date

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Robert L. Nichols, Sr.
Public Arbitrator

Signature Date

Joseph R. Papo
Joseph R. Papo
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

NASD Dispute Resolution
Arbitration No. 02-05200
Award Page 8 of 5

Fee Summary

Claimant, Patricia Kristal-Meadows, is liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	<u>= \$ 4,500.00</u>
Total Fees	= \$ 4,800.00
<u>Less payments</u>	<u>= \$ 1,425.00</u>
Balance Due NASD Dispute Resolution	= \$ 3,375.00

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

Member Fees	= \$ 5,200.00
<u>Forum Fees</u>	<u>= \$ 4,500.00</u>
Total Fees	= \$ 9,700.00
<u>Less payments</u>	<u>= \$ 5,950.00</u>
Balance Due NASD Dispute Resolution	= \$ 3,750.00

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Burton L. Ansell, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Robert L. Nichols, Sr.
Public Arbitrator

Signature Date



Joseph R. Papo
Non-Public Arbitrator

10/29/03

Signature Date

Date of Service (For NASD office use only)

Fee Summary

Claimant, Patricia Kristalusi-Meadows, is liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 4,500.00
Total Fees	= \$ 4,800.00
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 3,375.00

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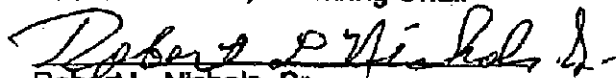
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Concurring Arbitrators:

Burton L. Ansell, Esq.
Public Arbitrator, Presiding Chair


Robert L. Nichols, Sr.
Public Arbitrator

Signature Date

10-28-03
Signature Date

Joseph R. Papo
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)