

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Mario and Mollie Munoz, Juan Porras,
Magdalena Porras and Chris Pereyra

and

Case Number: 02-05327
Hearing Site: Houston, Texas

Names of Respondents

Merrill Lynch Pierce Fenner & Smith, Inc.,
Merrill Lynch & Co., Inc., Henry J. Medina,
and Medina & Medina Group

NATURE OF DISPUTE

Customers v. Member Firm, Associated Person and Non-Members

REPRESENTATION OF PARTIES

Mario and Mollie Munoz, Juan Porras, Magdalena Porras and Chris Pereyra ("**Claimants**") were represented by Hector Canales, Esq., Canales & Simonson, P.C., Corpus Christi, Texas.

Merrill Lynch Pierce Fenner & Smith, Inc. ("**MLPFS**"), Merrill Lynch & Co., Inc. ("**ML & Co.**"), Henry J. Medina ("**Medina**") and Medina & Medina Group ("**Medina Group**"), hereinafter collectively referred to as "**Respondents**," were represented by Charles A. Gall, Esq., Jenkins & Gilchrist, Dallas, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about September 9, 2002. The Submission Agreement of Claimants, Mario and Mollie Munoz, Juan Porras, and Magdalena Porras, was signed on or about August 13, 2002. The Submission Agreement of Claimant, Chris Pereyra, was signed on or about August 30, 2002.

The Joint Statement of Answer was filed by Respondents, Merrill Lynch Pierce Fenner & Smith, Inc., Merrill Lynch & Co., Inc., Henry J. Medina, and Medina & Medina Group, on or about November 4, 2002.

The Submission Agreement of Respondents, Merrill Lynch Pierce Fenner & Smith, Inc., Henry J. Medina, and Medina & Medina Group, was signed on or about November 5, 2002.

Claimant, Chris Pereyra, filed her Motion to Sever and Abate on or about October 21, 2003. Respondents filed their response to this motion on or about April 9, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract, negligence, failure to supervise and breach of fiduciary duty. The causes of action relate to the recommendation, purchase and sale of various unspecified securities. Claimants had various accounts at Merrill Lynch, which included: CMA Master Account, CMA Sub-Account, Consults Account (money manager), and Omega/Cendent/Merrill Lynch Credit Corp. Claimants alleged that Respondents' fraudulent and negligent mismanagement included the use of unsuitable leveraged accounts, self-dealing through the creation of unnecessary debt and interest payments ("margin"), excessive account activity and the lack of fair dealing.

Unless specifically admitted in their Answer, Respondents, Merrill Lynch Pierce Fenner & Smith, Inc., Merrill Lynch & Co., Inc., Henry J. Medina, and Medina & Medina Group, denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants' have failed to state a claim upon which relief can be granted; Claimants' claims are barred by the doctrines of estoppel, ratification, assumption of the risk, comparative negligence, and the statute of limitations; Respondents' duty to Claimants was limited because this was a non-discretionary account; and Respondents faithfully executed the investment strategies that Claimants choose to pursue.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$5,000,000.00
Punitive/Exemplary Damages	\$5,000,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Respondent, Merrill Lynch & Co., 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.

On or about August 1, 2004, the Panel granted Claimant's, Chris Pereyra, Motion to Sever and Abate.

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.) Claimants' claims, each and all, are hereby denied and dismissed with prejudice;
- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 3.) 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 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 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	= \$ 3,350.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,500.00

Adjournment Fees

Adjournments granted during these proceedings:

December 8-12, 2003, adjournment requested by Claimants	= \$ 1,200.00
August 30 – September 3, 2004, adjournment requested jointly by the parties	= \$ 1,200.00

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 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 a single arbitrator x \$450.00	= \$ 450.00
Pre-hearing conference: November 5, 2003	1 session
Two (2) Pre-hearing sessions with Panel x \$1,200.00	= \$ 2,400.00
Pre-hearing conferences: February 20, 2003	1 session
March 26, 2003	1 session
Ten (10) Hearing sessions x \$1,200.00	= \$12,000.00
Hearing Dates: November 29, 2004	2 sessions
November 30, 2004	2 sessions
December 1, 2004	2 sessions
December 2, 2004	3 sessions
December 3, 2004	1 session
Total Forum Fees	= \$14,850.00

The Arbitration Panel has assessed \$7,425.00 of the forum fees to Mario and Mollie Munoz, Juan Porras, and Magdalena Porras.

The Arbitration Panel has assessed \$7,425.00 of the forum fees jointly and severally to Merrill Lynch Pierce Fenner & Smith, Inc., Merrill Lynch & Co., Inc., Henry J. Medina, and Medina & Medina Group.

FEE SUMMARY

Claimants, Mario and Mollie Munoz, Juan Porras, and Magdalena Porras, are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Adjournment Fees	= \$ 1,800.00
Forum Fees	= \$ 7,425.00
<u>Total Fees</u>	<u>= \$ 9,825.00</u>
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 8,025.00

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

<u>Member Fees</u>	<u>= \$ 9,600.00</u>
<u>Total Fees</u>	<u>= \$ 9,600.00</u>
<u>Less payments</u>	<u>= \$ 9,600.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, Merrill Lynch Pierce Fenner & Smith, Inc., Merrill Lynch & Co., Inc., Henry J. Medina, and Medina & Medina Group, are jointly and severally liable for:

Adjournment Fee	= \$ 600.00
Forum Fee	= \$ 7,425.00
<u>Total Fees</u>	<u>= \$ 8,025.00</u>
<u>Less payments</u>	<u>= \$ 600.00</u>
Balance Due NASD Dispute Resolution	= \$ 7,425.00

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

ARBITRATION PANEL

Steve R. Neuman - Public Arbitrator, Presiding Chair
Walton L. Huff - Public Arbitrator
Bernard D. Hammer - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Steve R. Neuman
Steve R. Neuman
Public Arbitrator, Presiding Chair

December 6, 2004
Signature Date

/s/ Walton L. Huff
Walton L. Huff
Public Arbitrator

December 7, 2004
Signature Date

/s/ Bernard D. Hammer
Bernard D. Hammer
Non-Public Arbitrator

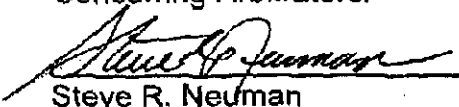
December 6, 2004
Signature Date

December 7, 2004
Date of Service (For NASD office use only)

ARBITRATION PANEL

Steve R. Neuman - Public Arbitrator, Presiding Chair
Walton L. Huff - Public Arbitrator
Bernard D. Hammer - Non-Public Arbitrator

Concurring Arbitrators:



Steve R. Neuman
Public Arbitrator, Presiding Chair

12.6.04

Signature Date

Walton L. Huff
Public Arbitrator

Signature Date

Bernard D. Hammer
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

Steve R. Neuman - Public Arbitrator, Presiding Chair
Walton L. Huff - Public Arbitrator
Bernard D. Hammer - Non-Public Arbitrator

Concurring Arbitrators:

Steve R. Neuman
Public Arbitrator, Presiding Chair

Walton L. Huff
Public Arbitrator

Bernard D. Hammer
Non-Public Arbitrator

Signature Date

12/7/04

Signature Date

Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

Steve R. Neuman - Public Arbitrator, Presiding Chair
Walton L. Huff - Public Arbitrator
Bernard D. Hammer - Non-Public Arbitrator

Concurring Arbitrators:

Steve R. Neuman
Public Arbitrator, Presiding Chair

Signature Date

Walton L. Huff
Public Arbitrator

Signature Date



Bernard D. Hammer
Non-Public Arbitrator

12-6-06

Signature Date

Date of Service (For NASD office use only)