

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Names of the Claimants
George Morgan
Marianela Morgan

Case Number: 02-05805

Name of Respondent
Merrill, Lynch, Pierce, Fenner & Smith, Inc.

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For George Morgan ("G. Morgan") and Marianela Morgan ("M. Morgan"), hereinafter collectively referred to as "Claimants": Michael S. Taaffe, Esq., Abel, Band, Russell, Collier, Pitchford & Gordon, Chartered, Sarasota, Florida.

For Merrill, Lynch, Pierce, Fenner & Smith, Inc. ("MLPFS"), hereinafter referred to as "Respondent": Alex J. Sabo, Esq., Bressler, Amery & Ross, P.C., Miramar, Florida.

CASE INFORMATION

Statement of Claim filed on or about: September 27, 2002.

Amended Statement of Claim filed on or about: January 7, 2003.

Claimant G. Morgan signed the Uniform Submission Agreement: September 24, 2002.

Claimant M. Morgan signed the Uniform Submission Agreement: September 24, 2002.

Statement of Answer filed by Respondent on or about: February 24, 2003.

Respondent did not file an executed Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: violations of Section 78 of Title 15 of the U.S.C. (Securities Exchange Act of 1934, Section 20(a)); violation of Chapter 517 of the Florida Statutes; violation of the Securities Exchange and Commission Rules 10(b) and 10b-5; breach of fiduciary duty; negligence and negligent misrepresentation; gross negligence and reckless misconduct; fraud and misrepresentation; and, breach of industry rules and regulations. The causes of action relate to the sale of Claimants' Merrill Lynch stock.

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

RELIEF REQUESTED

Claimants requested compensatory damages in excess of \$1,000,000.00; refund of all funds transferred to Respondent; interest; repayment of all costs or adverse tax consequences; unspecified punitive damages; attorneys' fees and costs of arbitration; and, any and all other relief that the Panel deemed just and equitable.

Respondent requested that the Panel enter an award dismissing Claimants' claims in their entirety and granting Respondent such other and further relief as the Panel deemed just and proper. Respondent reserved its right to seek, pursuant to Section 517.211(6) of the Florida Statutes and in a court of competent jurisdiction, reimbursement of attorneys' fees and costs incurred in connection with this matter.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent MLPFS did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to 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 Panel on all issues submitted.

On or about September 29, 2006, Claimants filed with NASD Dispute Resolution a Notice of Voluntary Withdrawal of all claims that relate to the following causes of action: violations of Section 78 of Title 15 of the U.S.C. (Securities and Exchange Act of 1934, Section 20(a)); violations of Rule 10b-5 of the Securities and Exchange Commission; and, violations of Chapter 517 of the Florida Statutes.

During the evidentiary hearing, Respondent made an ore tenus motion to adjourn the hearings to get a new expert witness and an ore tenus motion to make an employee of Respondent a fact or expert witness. Claimants objected to both motions. Thereafter, the Panel denied these motions.

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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable on the claim of negligence. Respondent shall pay to Claimants compensatory damages in the amount of \$847,000.00, plus pre-judgment interest at the Florida statutory rate from October 2, 1998 through October 3, 2006.

Respondent shall pay to Claimant the sum of \$375.00, representing reimbursement of the non-refundable claim filing fee previously paid by Claimants to NASD Dispute Resolution.

Each party shall bear their own attorneys' fees.

Any and all relief requests not specifically addressed herein, including Claimants' request for punitive damages, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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	= \$ 375.00
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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, Respondent MLPFS is a member firm and a party.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$4,000.00</u>
Total Member Fees	= \$7,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were incurred in this matter.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

No three-day cancellation fees were incurred in this matter.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

Four (4) Decisions on discovery-related motions on the papers
with (1) one arbitrator @ \$200.00 = \$ 800.00

Claimant submitted (3) three discovery-related motions

Respondent submitted (1) one discovery-related motion

Two (2) Pre-hearing sessions with Panel @ \$1,200.00/session = \$ 2,400.00

Pre-hearing conferences: June 2, 2003 1 session

June 13, 2005 1 session

Eight (8) Hearing sessions @ \$1,200.00/session = \$ 9,600.00

Hearing Dates: October 3, 2006 2 sessions

October 4, 2006 2 sessions

October 5, 2006 2 sessions

October 6, 2006 2 sessions

Total Forum Fees = \$12,800.00

The Panel has assessed \$6,400.00 of the forum fees to Claimants, jointly and severally.
The Panel has assessed \$6,400.00 of the forum fees to Respondent.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred in this matter.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee = \$ 375.00

Forum Fees = \$ 6,400.00

Total Fees = \$ 6,775.00

Less payments = \$ 2,000.00

Balance Due NASD Dispute Resolution = \$ 4,775.00

Respondent is solely liable for:

Member Fees = \$ 7,000.00

Forum Fees = \$ 6,400.00

Total Fees = \$13,400.00

Less payments = \$ 7,000.00

Balance Due NASD Dispute Resolution = \$ 6,400.00

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

ARBITRATION PANEL

Carmen A. Gross	-	Public Arbitrator, Presiding Chairperson
Joyce M. Brown, Esq.	-	Public Arbitrator
Richard H. Schneider	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Carmen A. Gross
Public Arbitrator, Presiding Chairperson

October 24, 2006
Signature Date

/s/
Joyce M. Brown, Esq.
Public Arbitrator

October 24, 2006
Signature Date

/s/
Richard H. Schneider
Non-Public Arbitrator

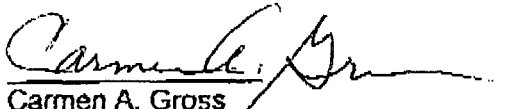
October 24, 2006
Signature Date

October 24, 2006
Date of Service (For NASD Dispute Resolution office use only)

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Carmen A. Gross
Public Arbitrator, Presiding Chairperson

10/24/06
Signature Date

Joyce M. Brown, Esq.
Public Arbitrator

Signature Date

Richard H. Schneider
Non-Public Arbitrator

Signature Date

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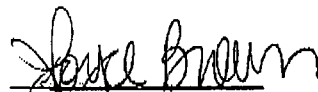
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Public Arbitrator, Presiding Chairperson

Signature Date



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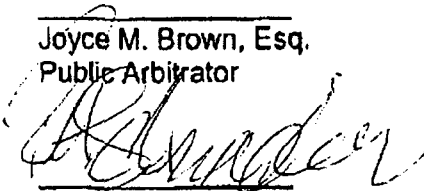
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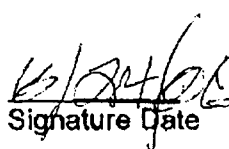
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