

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

William G. Glenn on behalf of
William G. Glenn IRA Trust and as
beneficial interest holder of Glenn Family Trust

and

02-07013
Phoenix, Arizona

Name of Respondents

Merrill Lynch, Pierce, Fenner & Smith, Inc.
Henry M. Blodget

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

REPRESENTATION OF PARTIES

William G. Glenn on behalf of William G. Glenn IRA Trust and as beneficial interest holder of Glenn Family Trust ("**Claimant**") appeared *pro se*.

Merrill Lynch, Pierce, Fenner & Smith, Inc. ("**Respondent MLPF & S**") was represented by Eric J. Glassman, Esq., Mennemeier, Glassman & Stroud LLP, Sacramento, California.

Henry M. Blodget ("**Respondent Blodget**") was represented by Joseph D. Edmondson, Jr., Esq., Foley & Lardner, Washington, DC.

CASE INFORMATION

Claim for Arbitration Relief was filed on or about November 18, 2002. Letter dated November 27, 2002 from Mr. Glenn stating his intent to name Merrill Lynch, Pierce, Fenner & Smith, Inc. Henry M. Blodget as Respondents. Response to Respondent's Motion to Dismiss was filed on or about February 4, 2003. Motion to Preclude Answer and for Entry of Default Arbitration Award Against Respondent Henry Blodget was filed on or about February 4, 2003. Addendum Pleading to Claimant's Complaint was filed on or about June 3, 2003. Claimants Response to Blodget's Motion to Dismiss was filed on or about October 1, 2003. Claimant's Motion for Order to Allow Alternate Form of Witness Presentation was filed on or about October 1, 2003. Submission Agreement of Claimant William G. Glenn on behalf of William G. Glenn IRA Trust and as beneficial interest holder of Glenn Family Trust was signed on November 18, 2002.

Merrill Lynch, Pierce, Fenner & Smith, Incorporated's Answer to Statement of Claim and Motion to Dismiss was filed on or about January 21, 2003. Merrill Lynch, Pierce, Fenner & Smith, Incorporated's Opposition to Claimant's Request to Use Affidavit and Deposition Testimony was filed on or about October 10, 2003. Submission Agreement of Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. was signed on January 16, 2003.

Answer of Henry M. Blodget was filed on or about February 27, 2003. Response of Henry Blodget to Motion to Preclude Answer and for Entry of Default Arbitration Award was filed on or about February 27, 2003. Respondent Henry M. Blodget's Motion to Dismiss Statement of Claim, Request for Pre-Hearing Conference and Request for Modification of Hearing Schedule was filed on or about September 17, 2003. Respondent Henry M. Blodget's Opposition to Claimant's Request to Use Affidavit and Deposition Testimony was filed on or about October 10, 2003. Submission Agreement of Respondent Henry M. Blodget was signed on January 27, 2003.

CASE SUMMARY

Claimant alleged the following causes of action; fraud, conflict of interest, collusion, breach of fiduciary duty, omission of facts, manipulations, misrepresentations, violation of Securities Act of 1933.

In the year 1999 and 2000, Blodget made at least 77 television appearances on CNBC and 44 appearances on CNN as well as appearances on numerous other media outlets. In these appearances Blodget would recommend BUYS on numerous stocks. The Claimant purchased these recommendations on the trust of the Merrill Lynch name. Blodget, however, was issuing these recommendations to please the investment-banking arm of Merrill Lynch. Blodget himself had very negative opinions about the companies he was recommending for purchase.

In its Answer to Statement of Claim and Motion to Dismiss, Respondent MLPF & S stated:

William G. Glenn on behalf of William G. Glenn IRA Trust and as beneficial interest holder of Glenn Family Trust are not now, and have never been, customers of Merrill Lynch. Without revealing this most pertinent fact in his Statement of Claim, Claimant complains that he lost \$51,000 by investing in stocks based on Merrill Lynch's recommendations. Merrill Lynch could not have possibly made such recommendations to Claimant since he never opened a brokerage account at Merrill Lynch.

Claimant has admitted in a telephone conversation with Merrill Lynch's counsel that he purchased the securities through Regal Discount Securities, Inc. located in Glenview, Illinois. Merrill Lynch has no connection with Regal.

Merrill Lynch had no knowledge of or interaction with Claimant prior to his filing the Statement of Claim. Without admitting as such, Claimant is apparently alleging that he had the right to rely on research opinions Merrill Lynch prepared for its own customers, and that Merrill Lynch somehow breached a duty owed to a non-customer.

In addition to denying the allegations set forth in the Statement of Claim and stating that Claimant was never a client of the firm or Mr. Blodget individually, Respondent Blodget stated:

..., Moreover, while Claimant vaguely and conclusorily alleges that he relied upon Mr. Blodget in making his investment decisions, based on the facts set forth in the Statement of Claim, Claimant's investment strategy was completely contrary to the investment philosophy espoused by Mr. Blodget. Published research reports and Mr. Blodget's own public statements consistently warned of the risks attendant to a strategy of concentrating in internet stocks. Specific cautions were issued concerning the high level of risk associated with an investment in the stocks he covered, including Internet Capital Group, Inc. ("ICGE"), the stock specifically referenced in Claimant's Statement of Claim.

RELIEF REQUESTED

Claimant requested an award of actual damages in the amount of \$51,112.45, unspecified punitive damages, interest, costs and fees.

Respondent MLPF & S requested that the Arbitration Panel: dismiss the Statement of Claim; enter an award in Respondent's favor; assess attorneys' fees and costs against Claimant; and grant such other and further relief as is deemed just and proper.

Henry Blodget requested that the Statement of Claim be dismissed with prejudice, that he be awarded his attorneys' fees and costs, and that all references to the Statement of Claim be expunged from Mr. Blodget's 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. The Motions to Dismiss filed in this matter are hereby granted. The claims asserted in this matter are dismissed in their entirety. The panel concluded that assuming he proved that an outstanding rating was not Blodgett's true opinion, it was not a false statement for proof of fraud, since it was not a statement of fact. Predictions or opinions as to future performance or events, are in logic, and in the law, still predictions or opinions, which by every definition of those words, exclude them from being considered to be a fact.
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

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	= \$225.00
Counter claim/Cross claim/Third Party Claim filing fee	= \$250.00

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. In this matter, the member firm(s) is Merrill Lynch, Pierce, Fenner & Smith, Inc.

Member surcharge	\$ 1,100.00
Pre-hearing process fee	\$ 750.00
Hearing process fee	\$ <u>1,700.00</u>

Total Member Fees \$ 3,550.00

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:

1	Pre-hearing session(s) with Panel	x	750.00	\$	750.00
	June 9, 2003	1	session		
2	Hearing sessions	x	750.00	\$	1,500.00
	October 28, 2003	2	sessions		
	Total Forum Fees			\$	2,250.00

The Arbitration Panel has assessed \$750.00 of the forum fees to William G. Glenn on behalf of William G. Glenn IRA Trust and as beneficial interest holder of Glenn Family Trust.

The Arbitration Panel has assessed \$750.00 of the forum fees to Merrill Lynch, Pierce, Fenner & Smith, Inc.

The Arbitration Panel has assessed \$750.00 of the forum fees to Henry M. Blodgett.

Fee Summary

Claimant, William G. Glenn on behalf of William G. Glenn IRA Trust and as beneficial interest holder of Glenn Family Trust, shall be and hereby is liable for:

Initial Filing Fee	= \$	225.00
<u>Forum Fees</u>	= \$	750.00
Total Fees	= \$	975.00
<u>Less payments</u>	= \$	-975.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondent, Merrill Lynch, Pierce, Fenner & Smith, Inc., shall be and hereby is liable for:

Member Fees	= \$	3,550.00
<u>Forum Fees</u>	= \$	750.00
Total Fees	= \$	4,300.00
<u>Less payments</u>	= \$	-3,550.00
Balance Due NASD Dispute Resolution	= \$	750.00

Respondent, Henry M. Blodget, shall be and hereby is liable for:

Counterclaim Filing Fee	= \$	250.00
<u>Forum Fees</u>	= \$	750.00
Total Fees	= \$	1,000.00
<u>Less payments</u>	= \$	-0.00
Balance Due NASD Dispute Resolution	= \$	1,000.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Eugene R. Nielson - Public Arbitrator, Presiding Chair
Beryl I. Dulsky, Esq. - Public Arbitrator
James B. Kaiser - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Eugene R. Nielson
Eugene R. Nielson
Public Arbitrator, Presiding Chair

November 12, 2003
Signature Date

/s/ Beryl I. Dulsky
Beryl I. Dulsky, Esq.
Public Arbitrator

November 14, 2003
Signature Date

/s/ James B. Kaiser
James B. Kaiser
Non-Public Arbitrator

November 12, 2003
Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 02-07013
Award Page 6 of 6

Respondent, Henry M. Blodget, shall be and hereby is liable for:

Counterclaim Filing Fee	= \$	250.00
Forum Fees	= \$	750.00
Total Fees	= \$	1,000.00
<u>Less payments</u>	= \$	-0.00
Balance Due NASD Dispute Resolution	= \$	1,000.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Eugene R. Nielson - Public Arbitrator, Presiding Chair
Beryl I. Dulsky, Esq. - Public Arbitrator
James B. Kaiser - Non-Public Arbitrator

Concurring Arbitrators:

Eugene R. Nielson
Eugene R. Nielson
Public Arbitrator, Presiding Chair

11-12-03
Signature Date

Beryl I. Dulsky, Esq.
Beryl I. Dulsky, Esq.
Public Arbitrator

Signature Date

James B. Kaiser
James B. Kaiser
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 02-07013
Award Page 6 of 6

Respondent, Henry M. Blodget, shall be and hereby is liable for:

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Total Fees	= \$	1,000.00
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Balance Due NASD Dispute Resolution	= \$	1,000.00

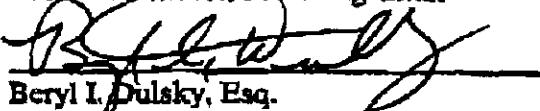
All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Eugene R. Nielson - Public Arbitrator, Presiding Chair
Beryl I. Dulsky, Esq. - Public Arbitrator
James B. Kaiser - Non-Public Arbitrator

Concurring Arbitrators:

Eugene R. Nielson
Public Arbitrator, Presiding Chair


Beryl I. Dulsky, Esq.
Public Arbitrator

Signature Date

11/14/03
Signature Date

James B. Kaiser
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 02-07013
Award Page 6 of 6

Respondent, Henry M. Blodget, shall be and hereby is liable for:

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Total Fees	= \$	1,000.00
<u>Less payments</u>	= \$	-0.00
Balance Due NASD Dispute Resolution	= \$	1,000.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Eugene R. Nielson - Public Arbitrator, Presiding Chair
Beryl I. Dulsky, Esq. - Public Arbitrator
James B. Kaiser - Non-Public Arbitrator

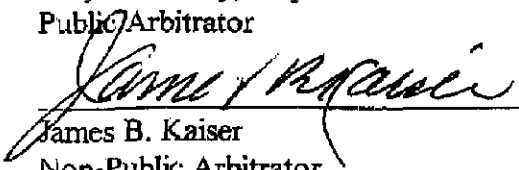
Concurring Arbitrators:

Eugene R. Nielson
Public Arbitrator, Presiding Chair

Signature Date

Beryl I. Dulsky, Esq.
Public Arbitrator

Signature Date



James B. Kaiser
Non-Public Arbitrator

11/12/03

Signature Date