

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Names of the Claimants

Andrew H. McMillan
Shannon N. McMillan

Case Number: 03-00515

Names of the Respondents

Merrill Lynch, Pierce, Fenner & Smith, Inc.
Peter J. Russo, Jr.

Hearing Site: Washington, D.C.

Nature of the Dispute: Customers v. Member and Associated Person.

REPRESENTATION OF PARTIES

Claimants, Andrew H. McMillan and Shannon N. McMillan, hereinafter collectively referred to as "Claimants", were represented by John P. Connolly, Esq., Attorney at Law, Alexandria, Virginia.

Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch") and Peter J. Russo, Jr. ("Russo"), hereinafter collectively referred to as "Respondents", were represented by Glenn R. Reichardt, Esq., Kirkpatrick & Lockhart, LLP, Washington, D.C.

CASE INFORMATION

Statement of Claim filed on January 22, 2003.

Claimants signed the Uniform Submission Agreement on December 8, 2002.

Statement of Answer filed by Respondents on March 25, 2003.

A representative of Respondent Merrill Lynch signed the Uniform Submission Agreement on March 11, 2003.

Respondent Russo signed the Uniform Submission Agreement on March 24, 2003.

CASE SUMMARY

Claimants, in their Statement of Claim, asserted the following causes of action, among others: breach of fiduciary duty, breach of contract, violation of federal and state securities laws, violation of NASD Rules of Fair Practice, fraud, and failure to supervise. The causes of action relate to the purchase and sale of various unspecified securities.

Unless specifically admitted in their Statement of Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses, among others: Claimants' claims are barred by the doctrines of estoppel, ratification, and waiver; contributory negligence; assumption of the risk; authorization; failure to mitigate damages; and, failure to state a claim upon which relief may be granted.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$ 1,300,000.00
Punitive Damages	\$ 350,000.00
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondents requested that all claims be dismissed, that they be awarded all costs, attorney's fees and forum fees in connection with the arbitration, and that the Arbitration Panel (the "Panel") order the expungement of all reference to this matter from Respondent Russo's Central Registration Depository ("CRD") record.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the hearing, the parties fully and finally settled all claims by and between them. Therefore, the parties submit this Stipulated Award to the Panel for its consideration and request that it be entered.

The parties have agreed that the Stipulated Award in this matter may be executed in counterpart copies.

AWARD

Pursuant to the above, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. That the parties have amenablely resolved their differences and have requested this Stipulated Award;
2. That Claimants have dismissed all claims with prejudice against Respondents;
3. That the Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Russo's registration records maintained by the CRD with the understanding that, pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Russo must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
4. That each party shall bear its own costs and expenses, including attorneys' fees, except as Fees are specifically addressed below; and,
5. That 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 = \$ 500.00

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, Respondent Merrill Lynch is a party.

Member surcharge = \$ 2,800.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 5,000.00

Forum Fees and Assessments

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

One (1) Pre-hearing session with Panel @ \$ 1,200.00 = \$ 1,200.00
Pre-hearing conference: October 27, 2003 1 session
Total Forum Fees = \$ 1,200.00

1. The Panel has assessed \$ 400.00 of the forum fees jointly and severally to Claimants.
2. The Panel has assessed \$ 400.00 of the forum fees to Respondent Merrill Lynch.
3. The Panel has assessed \$ 400.00 of the forum fees to Respondent Russo.

Fee Summary

1. Claimants are jointly and severally assessed and shall pay:

Initial Filing Fee = \$ 500.00
Forum Fees = \$ 400.00
Total Fees = \$ 900.00
Less payments = \$ 1,700.00
Refund owed Claimants = \$ 800.00

2. Respondent Merrill Lynch is assessed and shall pay:

Member Fees = \$ 8,550.00
Forum Fees = \$ 400.00
Total Fees = \$ 8,950.00
Less payments = \$ 8,550.00
Balance Due NASD Dispute Resolution = \$ 400.00

3. Respondent Russo is assessed and shall pay:

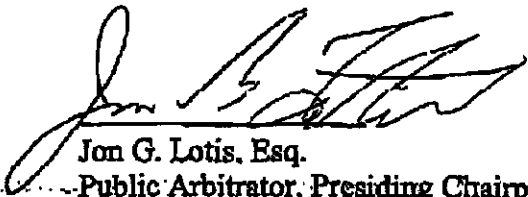
Forum Fees	= \$	400.00
Total Fees	= \$	400.00
Less payments	= \$	0.00
Balance Due NASD Dispute Resolution	= \$	400.00

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

ARBITRATION PANEL

Jon G. Lotis, Esq.	-	Public Arbitrator, Presiding Chairperson
Alan S. Carmel, Esq.	-	Public Arbitrator, Panelist
Karen B. Bonding	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures


Jon G. Lotis, Esq.
Public Arbitrator, Presiding Chairperson

July 19, 2004
Signature Date

Alan S. Carmel, Esq.
Public Arbitrator, Panelist

Signature Date

Karen B. Bonding
Non-Public Arbitrator, Panelist

Signature Date

July 29, 2004
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

Jon G. Lotis, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Alan S. Carmel, Esq.
Public Arbitrator, Panelist

7/29/04

Signature Date

Karen B. Bonding
Non-Public Arbitrator, Panelist

Signature Date

July 29, 2004

Date of Service (For NASD Dispute Resolution office use only)

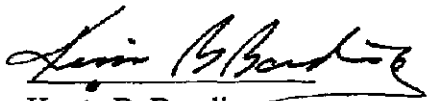
Concurring Arbitrators' Signatures

Jon G. Lotis, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Alan S. Carmel, Esq.
Public Arbitrator, Panelist

Signature Date



Karen B. Bonding
Non-Public Arbitrator, Panelist

10 July 2004
Signature Date

July 29, 2004
Date of Service (For NASD Dispute Resolution office use only)