

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Names of Claimants

William R. Freeman and Donna G. Lansdowne,
Claimants,

vs.

Case Number: 03-00585
Hearing Site: Houston, Texas

Names of Respondents

Merrill Lynch, Pierce, Fenner & Smith Inc.
Paul L. Reekie,
Respondents.

NATURE OF CASE

Customers vs. Member and Associated Person

REPRESENTATION OF PARTIES

Claimants William R. Freeman and Donna G. Lansdowne, hereinafter referred to as "Claimants" were represented by Dennis H. Taylor, Esq., of Shepherd, Smith & Bebel, L.L.P., of Houston, Texas.

Respondents Merrill Lynch, Pierce, Fenner & Smith Incorporated and Paul L. Reekie, hereinafter collectively referred to as "Respondents" were represented by Jack D. Ballard, Esq., of The Ballard Law Firm, of Houston, Texas.

CASE INFORMATION

The Claimants' Statement of Claim was filed on or about January 23, 2003.

The Submission Agreement of Claimants was signed on or about: October 23, 2002.

Respondents' Answer was filed jointly on or about: March 26, 2003.

The Submission Agreement of Respondent Merrill Lynch, Pierce, Fenner & Smith Inc. was signed on or about February 28, 2003.

The Submission Agreement of Respondent Paul L. Reekie was signed on or about March 24, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: Breach of contract and warranties, promissory estoppel, violations of the Texas Deceptive Trade Practices Act, breach of fiduciary duty, negligence, violations of the Federal Securities Exchange Act of 1934, violations of the Texas Securities Act, violations of the Texas fraud statutes, negligent misrepresentation, unjust enrichment, and joint and several liability. Claimants requested actual damages, lost opportunity costs, rescission, statutory damages, punitive damages, interest, costs and fees. The causes of action relate to various unspecified stocks held in Claimants' accounts at Merrill Lynch.

Unless specifically admitted in their Answer, Respondents denied the allegations of wrongdoing set forth in the Statement of Claim and asserted the following defenses: (i) Claimants failed to allege facts sufficient to support any of the causes of action asserted against Respondents; (ii) any losses in Claimants' accounts were the result of market forces and/or Claimants' own negligence rather than any act or omission on the part of Respondents; (iii) estoppel; (iv) ratification; (v) failure to mitigate; and (vi) an award of punitive or exemplary damages would be violative of the United States and Texas Constitutions.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$500,000
Punitive/Exemplary Damages	Unspecified
Interest	Unspecified
Attorney's Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

In light of the settlement of the claims, Claimants and Respondents request (i) that Claimants' claims against Respondents be dismissed with prejudice, and (ii) the expungement of Claimants' complaint from the CRD record of Paul L. Reekie.

OTHER ISSUES CONSIDERED AND DECIDED

The case settled and each of the Respondents and the Claimants executed a Settlement Agreement and Release.

This stipulated award was prepared, in part, based on a proposed award document submitted by Respondents.

The parties have agreed that a single arbitrator may execute the Stipulated Award.

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 remains on file with the NASD Dispute Resolution.

AWARD

Pursuant to the parties' agreement, and after considering the parties' submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows:

1. Claimants' claims against Respondents Merrill Lynch, Pierce, Fenner & Smith Inc. and Paul L. Reekie, each and all, are dismissed with prejudice pursuant to the parties' settlement agreement;
2. That other than Forum Fees, which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
3. The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Paul L. Reekie's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to the NASD Notices to Members 99-09, Respondent Paul L. Reekie must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. 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 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	= \$ 1700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 2750.00</u>
Total Member Fees	= \$ 5200.00

Forum Fees and Assessments

The Arbitrator/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. Forum fees associated with these proceedings are:

(1) Pre-hearing conference session with the Panel @ \$1125/session	
Pre-hearing conference: August 7, 2003 1 session	= \$ 1125.00

Four (4) Hearing sessions @ \$1125/session	= \$ 4500.00
Hearings: January 7, 2004 2 sessions	
January 8, 2004 2 sessions	

Total Forum Fees	= \$ 5625.00
------------------	--------------

1. The Panel has assessed \$ 2812.50 of the forum fees jointly and severally against Claimants, William R. Freeman and Donna G. Lansdowne, and

2. The Panel has assessed \$2812.50 of the forum fees jointly and severally against Respondents, Merrill Lynch, Pierce, Fenner & Smith Inc. and Paul L. Reekie.

FEE SUMMARY

Claimants William R. Freeman and Donna G. Lansdowne are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Forum Fee	= \$2812.50
<u>Total Fees</u>	<u>= \$3112.50</u>
<u>Less payments</u>	<u>= \$1425.00</u>
Balance Due NASD Dispute Resolution	= \$1687.50

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

Member Fees	= \$5200.00
<u>Total Fees</u>	<u>= \$5200.00</u>
<u>Less payments</u>	<u>= \$5200.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, Merrill Lynch, Pierce, Fenner & Smith Inc. and Paul L. Reekie, are jointly and severally liable for:

Forum Type	= \$2812.50
<u>Total Fees</u>	<u>= \$2812.50</u>
<u>Less Payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$2812.50

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

ARBITRATOR

J. Michael Watson-Public Arbitrator, Presiding Chair

Arbitrator's Signatures

/s/ J. Michael Watson
J. Michael Watson
Public Arbitrator, Presiding Chair

February 10, 2004
Signature Date

February 10, 2004
Date of Service (For NASD office use only)

NASD Dispute Resolution
Arbitration No. 03-00585
Award Page 6 of 6

ARBITRATOR

J. Michael Watson-Public Arbitrator, Presiding Chair

Arbitrator's Signatures



J. Michael Watson
Public Arbitrator, Presiding Chair

2/10/04
Signature Date

Date of Service (For NASD office use only)