
Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Marc Cinello and Daniele M. Legoff,
individually and as trustee for Dominique Legoff

Case Number: 03-00692

Names of the Respondents

Morgan Stanley DW, Inc.
Caroline T. Mellema

Hearing Site: Boca Raton, Florida

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

REPRESENTATION OF PARTIES

For Marc Cinello and Daniele M. Legoff, individually and as trustee for Dominique Legoff, hereinafter collectively referred to as "Claimants": William Isenberg, Esq., Law Office of William Isenberg, Fort Lauderdale, Florida.

For Respondent Morgan Stanley DW, Inc. ("Morgan Stanley"): Todd A. Zuckerbrod, Esq., Greenberg Traurig, P.A., West Palm Beach, Florida.

For Respondent Caroline T. Mellema ("Mellema"): Darren C. Blum, Esq., Blum & Silver, LLP, Coral Springs, Florida.

CASE INFORMATION

Statement of Claim filed on or about: January 28, 2003.

Claimants signed the Uniform Submission Agreement: December 4, 2002.

Statement of Answer filed jointly by Respondents on or about: July 3, 2003.

Respondent Mellema signed the Uniform Submission Agreement: May 29, 2003.

Respondent Morgan Stanley signed the Uniform Submission Agreement: June 6, 2003.

Motion to Amend Statement of Claim (with Amended Statement of Claim attached thereto) filed by Claimants on or about: January 21, 2005.

Response to Motion to Amend Statement of Claim filed by Respondent Morgan Stanley on or about: February 10, 2005.

Response to Motion to Amend Statement of Claim filed by Respondent Mellema on or about: February 11, 2005.

CASE SUMMARY

Claimants asserted the following: (1) the purchases of the investments were unsuitable; and (2) Respondent Morgan Stanley was negligent in its supervision of individual Respondent Mellema. The causes of action relate to the purchase of various common stocks and unit investment trusts in Claimants' accounts.

Respondents denied each and every allegation of the claim, denied any liability or wrongdoing, and denied all claims for damages in any amount under any theory. Respondents addressed the allegations in the Statement of Claim in various defenses and affirmative defenses. Specifically, Respondents asserted that (1) Claimants maintained non-discretionary accounts and were ultimately responsible for their investment decisions; (2) Respondents fulfilled their duty to supervise; and (3) Claimants cannot claim negligent supervision as there is no showing of a primary liability.

RELIEF REQUESTED

Claimants requested an award for compensatory damages of \$100,000.00, punitive damages, costs, interest, attorney's fees, and all other relief the Panel deemed just and proper.

Respondents requested that all claims against them be dismissed and that costs and attorneys' fees be assessed against Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

On or about March 2, 2005, the Panel issued an Order granting Claimants' Motion to Amend Statement of Claim.

On or about July 5, 2005, Claimants filed with NASD Dispute Resolution a notice of dismissal, with prejudice, of all claims asserted against Respondent Mellema.

On or about July 5, 2005, Claimants filed with NASD Dispute Resolution a notice of settlement of this matter.

On or about July 29, 2005, the parties filed with NASD Dispute Resolution a proposed Stipulated Award for the Panel's consideration, which contained a request for the expungement of all references to this matter from the NASD Central Registration Depository ("CRD") records of Respondent Mellema.

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

AWARD

After considering the pleadings and the stipulation of the parties, but without making any findings of fact or conclusions of law, the Panel has decided in full and final resolution of the

issues submitted for determination and finds as follows:

1. Claimants' withdrawal of their claim is accepted and Respondent Mellema is dismissed from this matter with prejudice.
2. To the extent not specifically addressed herein, all other claims are denied with prejudice.
3. The Panel recommends the expungement of all references to the above-captioned arbitration from Respondent Mellema's public and non-public registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Respondent Mellema must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

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	= \$ 225.00
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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 Morgan Stanley is a member firm and a party.

Member surcharge	= \$1,100.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$1,700.00</u>
Total Member Fees	= \$3,550.00

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.

July 6-8, 2005, settled = \$300.00

The Panel has assessed the three-day cancellation fee as follows:

\$100.00 to Claimants, jointly and severally
\$100.00 to Respondent Morgan Stanley

\$100.00 to Respondent Mellema

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. 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 the Panel @ \$750.00/session	= \$750.00
Pre-hearing conference: October 14, 2003 1 session	

Total Forum Fees	= \$750.00
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The Panel has assessed forum fees of \$250.00 to Claimants, jointly and severally.

The Panel has assessed forum fees of \$250.00 to Respondent Morgan Stanley.

The Panel has assessed forum fees of \$250.00 to Respondent Mellema.

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	= \$ 225.00
Forum Fees	= \$ 250.00
Three Day Cancellation Fee	= \$ 100.00
Retained Hearing Session Deposit pursuant to 10332(f) of the Code	= \$ 500.00
Total Fees	= \$1,075.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$ 100.00

Respondent Morgan Stanley is solely liable for:

Member Fees	= \$3,550.00
Forum Fees	= \$ 250.00

<u>Three Day Cancellation Fee</u>	= \$ 100.00
<u>Total Fees</u>	= \$3,900.00
<u>Less payments</u>	= \$3,550.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 350.00

Respondent Mellema is solely liable for:

Forum Fees	= \$ 250.00
<u>Three Day Cancellation Fee</u>	= \$ 100.00
<u>Total Fees</u>	= \$ 350.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 350.00

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

ARBITRATION PANEL

Larry Trent Stinson	-	Public Arbitrator, Presiding Chairperson
David H. Lowe, IV, JD	-	Public Arbitrator
Gustavus L. Pearthree	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Larry Trent Stinson
Public Arbitrator, Presiding Chairperson

August 1, 2005
Signature Date

/s/
David H. Lowe, IV, JD
Public Arbitrator

August 1, 2005
Signature Date

/s/
Gustavus L. Pearthree
Non-Public Arbitrator

August 2, 2005
Signature Date

August 2, 2005
Date of Service (For NASD Dispute Resolution office use only)

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Total Fees	= \$3,900.00
Less payments	= \$3,550.00
Balance Due NASD Dispute Resolution	= \$ 350.00

Respondent Mellema is solely liable for:

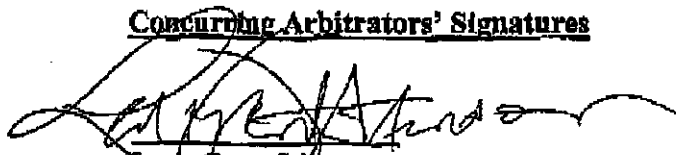
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Larry Trent Stinson
Public Arbitrator, Presiding Chairperson

8/1/05
Signature Date

David H. Lowe, IV, JD
Public Arbitrator

Signature Date

Gustavus L. Pearthree
Non-Public Arbitrator

Signature Date

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

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Gustavus L. Pearthree	- Non-Public Arbitrator

Concurring Arbitrators' Signatures

Larry Trent Stinson
Public Arbitrator, Presiding Chairperson

Signature Date



David H. Lowe, IV, JD
Public Arbitrator

8/11/05

Signature Date

Gustavus L. Pearthree
Non-Public Arbitrator

Signature Date

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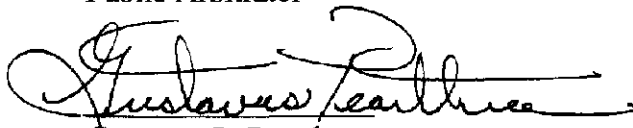
Concurring Arbitrators' Signatures

Larry Trent Stinson
Public Arbitrator, Presiding Chairperson

Signature Date

David H. Lowe, IV, JD
Public Arbitrator

Signature Date



Gustavus L. Pearthree
Non-Public Arbitrator

8/2/2005

Signature Date

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