

Revised Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 03-01346

William and Christine Bridgham
Jonathan and Anissa Roy

Names of the Respondents

Hearing Site: Charlotte, North Carolina

Merrill Lynch, Pierce, Fenner & Smith, Inc.
Michael C. Pearson

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

REPRESENTATION OF PARTIES

Claimants, William and Christine Bridgham ("Bridgham Claimants") and Jonathan and Anissa Roy ("Roy Claimants"), hereinafter collectively referred to as "Claimants", were represented by Jeffrey M. Jones, Esq., Law Offices of Jeffrey M. Jones, P.C., Old Sacramento, California.

Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Respondent Merrill Lynch") and Michael C. Pearson ("Respondent Pearson"), hereinafter collectively referred to as "Respondents", were represented by Alan M. Wolper, Esq. and Drew Dropkin, Esq., Sutherland Asbill & Brennan, LLP, Atlanta, Georgia.

CASE INFORMATION

Statement of Claim filed on February 20, 2003.

Roy Claimants signed the Uniform Submission Agreement on March 5, 2002.

Bridgham Claimants signed the Uniform Submission Agreement on March 13, 2002.

Statement of Answer filed by Respondents on June 10, 2003.

Respondent Pearson signed the Uniform Submission Agreement on May 5, 2003.

A representative of Respondent Merrill Lynch executed the Uniform Submission Agreement on June 10, 2003.

Respondents filed a Motion to Sever on June 10, 2003.

Claimants filed their Opposition to the Motion to Sever on July 23, 2003.

Respondents' Motion for Clarification of the Panel's Award was filed on February 23, 2005.

CASE SUMMARY

Claimants asserted the following causes of action, among others: breach of fiduciary duty, unsuitability, violation of § 10(b) of 1934 Securities Exchange Act, fraud, violation of § 12(2) of the Securities Act of 1933, violation of § 29 of the Securities Exchange Act of 1934, violation of North Carolina's Blue Sky laws, negligence, *respondeat superior*, breach of contract, conspiracy to defraud, negligent misrepresentation, and breach of implied covenant of good faith and fair dealings. The causes of action relate to the purchase and sale of various securities including Value America Inc. stock and Internet Capital Group Inc. options.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses, among others: failure to state a claim upon which relief can be granted; claim barred by the doctrines of laches, waiver, ratification and estoppel; Respondents acted in good faith; failure to mitigate; assumption of risk; comparative or contributory negligence; Claimants authorized all transactions; Respondents complied with all applicable rules and regulations, and statute of limitations.

RELIEF REQUESTED

Claimants in their Statement of Claim requested:

Bridgham Claimants:

Compensatory Damages	\$129,600.00
Punitive Damages	amount unspecified
Interest	33,855.00-58,027.00
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified
Recissionary Damages, Disgorgement and Restitution	

Roy Claimants:

Compensatory Damages	\$144,000.00
Punitive Damages	amount unspecified
Interest	40,435.00-72,212.00
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified
Recissionary Damages, Disgorgement and Restitution	

Respondents in their Statement of Answer requested that Claimants' Statement of Claim be dismissed with prejudice in its entirety and that the Panel award Respondents their costs, expenses, attorneys' fees and such other relief as they deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

By Order dated March 31, 2004, the Panel denied the Motion to Sever.

At the start of the hearing on the merits, Respondents requested attorneys' fees related to Claimants' failure to produce discovery documents in a timely manner. The Panel deferred ruling on Respondents' request until the conclusion of the hearing.

At the close of Claimants' case-in-chief, Respondents made a Motion to Dismiss. The Panel granted this motion and requested post-hearing submissions from the parties on the issue of attorneys' fees. By letter dated February 2, 2005, the Respondents withdrew their requests for attorneys' fees in their Statement of Answer and relating to Claimants' failure to produce discovery documents in a timely matter.

The Panel issued its Award on February 17, 2005. On February 23, 2005, Respondents filed a Motion for Clarification of the Panel's Award requesting that the Award include a recommendation to expunge Respondent Pearson's Central Registration Depository records.

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

1. All claims against Respondents are dismissed in their entirety;
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Pearson's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Pearson must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and
4. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

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	= \$ 300.00
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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 firms 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	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00
Total Member Fees	= \$ 5,200.00

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:

Two (2) Pre-hearing sessions with Panel @ \$1,125.00 = \$ 2,250.00

Pre-hearing conferences: February 20, 2004 1 session
March 31, 2004 1 session

Eight (8) Hearing sessions @ \$1,125.00 = \$ 9,000.00

Hearing Dates: November 8, 2004 2 sessions
November 9, 2004 2 sessions
November 10, 2004 2 sessions
November 11, 2004 2 sessions

Total Forum Fees = \$11,250.00

1. The Panel has assessed \$5,625.00 of the forum fees to Bridgham Claimants.
2. The Panel has assessed \$5,625.00 of the forum fees to Roy Claimants.

FEE SUMMARY

1. Bridgham Claimants are jointly and severally assessed and shall pay the following fees:

Forum Fees	= \$ 5,625.00
Total Fees	= \$ 5,625.00
Less payments	= \$ 562.50
Balance Due NASD Dispute Resolution	= \$ 5,062.50

2. Roy Claimants are jointly and severally assessed and shall pay the following fees:

Forum Fees	= \$ 5,625.00
Total Fees	= \$ 5,625.00
Less payments	= \$ 562.50
Balance Due NASD Dispute Resolution	= \$ 5,062.50

3. Claimants are jointly and severally assessed and shall pay the following fees:

Initial Filing Fee	= \$ 300.00
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Total Fees	= \$	300.00
Less payments	= \$	300.00
Balance Due NASD Dispute Resolution	= \$	0.00

4. Respondent Merrill Lynch is assessed and shall pay the following fees:

Member Fees	= \$	5,200.00
Total Fees	= \$	5,200.00
Less payments	= \$	5,200.00
Balance Due NASD Dispute Resolution	= \$	0.00

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

ARBITRATION PANEL

Benjamin F. Richards, Jr.	-	Public Arbitrator, Presiding Chairperson
Leonard E. Benade	-	Public Arbitrator, Panelist
James R. Shields	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

Benjamin F. Richards, Jr.

Benjamin F. Richards, Jr.
Public Arbitrator, Presiding Chairperson

21 March 2005

Signature Date

Leonard E. Benade
Public Arbitrator, Panelist

Signature Date

James R. Shields
Non-Public Arbitrator, Panelist

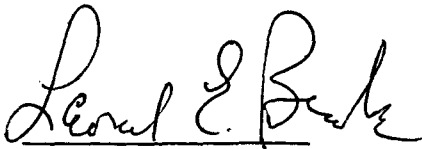
Signature Date

April 15, 2005
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

Benjamin F. Richards, Jr.
Public Arbitrator, Presiding Chairperson

Signature Date



Leonard E. Benade
Public Arbitrator, Panelist

4/4/05

Signature Date

James R. Shields
Non-Public Arbitrator, Panelist

Signature Date

April 15, 2005

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Concurring Arbitrators' Signatures

Benjamin F. Richards, Jr.
Public Arbitrator, Presiding Chairperson

Signature Date

Leonard E. Benade
Public Arbitrator, Panelist

Signature Date


James R. Shields
Non-Public Arbitrator, Panelist

3-23-05
Signature Date

April 15, 2005
Date of Service (For NASD Dispute Resolution office use only)