
Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

James A. Outlaw

Case Number: 03-01856

Names of the Respondents

Morgan Stanley DW, Inc.

Theodore Vaughan

Hearing Site: Orlando, Florida

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

REPRESENTATION OF PARTIES

For James A. Outlaw, hereinafter referred to as "Claimant": Austin N. Aaronson, Esq., Aaronson, Austin, P.A., Orlando, Florida.

For Morgan Stanley DW, Inc. ("MSDW") and Theodore Vaughan ("Vaughan"), hereinafter collectively referred to as "Respondents": Peter W. Homer, Esq., Homer & Bonner, P.A., Miami, Florida.

CASE INFORMATION

Statement of Claim filed on or about: April 3, 2003.

Amended Statement of Claim filed on or about: July 23, 2003.

Claimant signed the Uniform Submission Agreement: March 14, 2003.

Statement of Answer and Defenses filed by Respondents on or about: June 19, 2003.

Motion to Dismiss, or Alternatively, Motion for Summary Judgment filed by Respondents on or about: April 19, 2004.

Response to Motion to Dismiss, or Alternatively, Motion for Summary Judgment and Affidavit filed by Claimant on or about: April 22, 2004.

Respondent MSDW signed the Uniform Submission Agreement: June 13, 2003.

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

CASE SUMMARY

Claimant alleged the following causes of action: 1) Respondents engaged in excessive account activity or "churning"; 2) Respondents engaged in unauthorized trading; 3) Respondents violated NASD Code Rules 2110 and 2310 and IM 2310-2; 4) Respondents violated Chapter 517, Florida Statutes; and 5) Respondents committed professional negligence. The causes of action relate to investments in various securities, including shares of stock in Oracle Corp. and Lucent Technologies.

Unless specifically admitted in their Answer, Respondents denied all allegations of wrongdoing, denied any liability under any theory, and asserted various defenses and affirmative defenses. Specifically, Respondents asserted that: 1) the turnover in the subject account was presumptively not excessive; 2) Claimant authorized each and every trade; 3) there was no violation of any duty, industry standard or law by Respondents; and 4) Respondents comported themselves in a manner wholly consistent with industry practice and legal standards.

RELIEF REQUESTED

Claimant requested: 1) compensatory damages in the amount of \$150,567.00; 2) statutory interest at 11% per annum under Florida Statute 55.03; 3) commission fees in the amount of \$32,337.94; 4) costs; 5) attorneys' fees; 6) exemplary damages for fraud in the approximate amount of \$1,234,354.90; and 7) rescission.

Respondents requested: 1) dismissal of the Statement of Claim in its entirety; 2) costs; 3) that Respondents be permitted to seek attorneys' fees in a court of law; and 4) expungement of all reference to the above captioned arbitration from Respondent Vaughan's registration records maintained by the NASD Central Registration Depository ("CRD").

OTHER ISSUES CONSIDERED AND DECIDED

On or about July 23, 2003, Claimant filed his Motion for Leave to Amend Statement of Claim with Amended Statement of Claim. Respondents did not oppose the motion. On or about November 3, 2003, the undersigned arbitrators (the "Panel") granted the motion.

On or about April 27, 2004, Claimant filed his notice of settlement. Claimant informed NASD Dispute Resolution that the parties have amicably resolved the above-referenced arbitration proceeding.

On or about June 23, 2004, the parties filed their request for the entry of a Stipulated Award with proposed Stipulated Award.

The parties agreed that the Stipulated Award in this matter may be executed in counterpart copies or that a handwritten, signed Stipulated Award may be entered.

AWARD

After considering the pleadings and the parties' agreement to the entry of this Stipulated Award, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims for relief, including claims under Chapter 517, Florida Statutes, are dismissed with prejudice.
2. The Panel recommends expungement of all references to the above-captioned arbitration proceeding from Respondent Vaughan'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 Vaughan must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. Any and all claims for relief, including Claimant's requests for punitive damages and attorneys' fees, not specifically addressed herein are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (the "Code"), the following fees are assessed:

Filing Fees

NASD will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 500.00
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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 that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Respondent MSDW is a member firm and a party.

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which fees were assessed.

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.

There were no injunctive relief fees assessed during these proceedings.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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. Fees associated with these proceedings are:

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

Total Forum Fees = \$1,200.00

The Panel has assessed forum fees in the amount of \$600.00 to Claimant.

The Panel has assessed forum fees in the amount of \$600.00 jointly and severally to Respondents.

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.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 600.00
<u>Retained Hearing Session Deposit pursuant to Rule 10332(f) of the Code</u>	<u>= \$ 600.00</u>
Total Fees	= \$1,700.00
<u>Less payments</u>	<u>= \$1,700.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent MSDW is solely liable for:

<u>Member Fees</u>	<u>= \$8,550.00</u>
Total Fees	= \$8,550.00
<u>Less payments</u>	<u>= \$8,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$ 600.00</u>
Total Fees	= \$ 600.00
<u>Less payments</u>	<u>= \$ 600.00</u>
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.

Parties' Signatures

_____/s/_____
Austin N. Aaronson, Esq.
Counsel for Claimant

August 4, 2004
Signature Date

_____/s/_____
Peter W. Homer, Esq.
Counsel for Respondents

June 29, 2004
Signature Date

ARBITRATION PANEL

<i>Edith N. Dinneen, Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>John P. Cullem, Esq.</i>	-	<i>Public Arbitrator</i>
<i>P. David Isenberg</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

_____/s/_____
Edith N. Dinneen, Esq.
Public Arbitrator, Presiding Chairperson

August 4, 2004
Signature Date

_____/s/_____
John P. Cullem, Esq.
Public Arbitrator

August 4, 2004
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P. David Isenberg
Non-Public Arbitrator

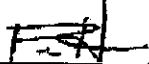
August 9, 2004
Signature Date

August 11, 2004
Date of Service (For NASD Dispute Resolution office use only)

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Stipulated Award Page 5

Parties' Signatures

Austin N. Aaronson, Esq.
Counsel for Claimant



Peter W. Homer, Esq.
Counsel for Respondents

Signature Date

6/29/04

Signature Date

ARBITRATION PANEL

Edith N. Dinneen, Esq.

John P. Cullem, Esq.

P. David Isenberg

-

Public Arbitrator, Presiding Chairperson

-

Public Arbitrator

-

Non-Public Arbitrator

Concurring Arbitrators' Signatures



Edith N. Dinneen, Esq.
Public Arbitrator, Presiding Chairperson

8/4/04

Signature Date

John P. Cullem, Esq.
Public Arbitrator

Signature Date

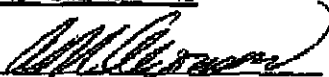
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Counsel for Claimant

8/4/04
Signature Date

Peter W. Homer, Esq.
Counsel for Respondents

Signature Date

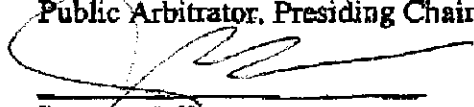
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John P. Cullem, Esq.	-	Public Arbitrator
P. David Isenberg	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Edith N. Dinneen, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date


John P. Cullem, Esq.
Public Arbitrator

8/4/2004
Signature Date

P. David Isenberg
Non-Public Arbitrator

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Counsel for Claimant

August 4, 2004
Signature Date

_____/s/_____
Peter W. Homer, Esq.
Counsel for Respondents

June 29, 2004
Signature Date

ARBITRATION PANEL

Edith N. Dinneen, Esq.
John P. Cullem, Esq.
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- Public Arbitrator, Presiding Chairperson
- Public Arbitrator
- Non-Public Arbitrator

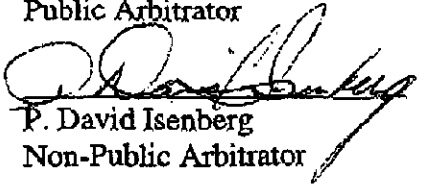
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Edith N. Dinneen, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

John P. Cullem, Esq.
Public Arbitrator

Signature Date


P. David Isenberg
Non-Public Arbitrator

8/9/04
Signature Date

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