

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Rebecca S. Stoddard (Claimant) v. MetLife Securities, Inc. and David Noel Morales (Respondents)

Case Number: 03-02252

Hearing Site: Boston, Massachusetts

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

REPRESENTATION OF PARTIES

Claimant Rebecca S. Stoddard ("Stoddard") hereinafter referred to as "Claimant": Christine M. Bae, Esq., Bae & Associates, P.C. and Carleton R. Asher, Jr., Esq., New York, NY.

Respondent MetLife Securities, Inc. ("MetLife"): B. John Pendleton, Jr., Esq., Andrew O. Bunn, Esq. and Christian Samay, Esq., McCarter & English, LLP, Newark, NJ.

Respondent David Noel Morales ("Morales"): Christopher B. Weldon, Esq., Lustig & Brown, LLP, Stamford, CT.

MetLife and Morales are hereinafter collectively referred to as "Respondents."

CASE INFORMATION

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

Claimant signed the Uniform Submission Agreement: January 11, 2003.

Statement of Answer filed by Respondent MetLife on or about: June 23, 2003.

Respondent MetLife did not sign the Uniform Submission Agreement.

Statement of Answer filed by Respondent Morales on or about: August 1, 2003.

Respondent Morales signed the Uniform Submission Agreement: July 21, 2003.

CASE SUMMARY

Claimant asserted the following causes of action: violations of the Business Conduct Rules of the NASD; violation of Section 10(b) of the Securities Exchange Act and Rule 10b-5; breach of contract; breach of implied covenant of fair dealing; material misrepresentations and omissions; unsuitability; negligence and breach of fiduciary duty;

control person liability and failure to supervise; and loss of financial opportunity and intentional infliction of emotional distress. Claimant's claim involved mutual funds. Unless specifically admitted in its Answer, Respondent MetLife denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in his Answer, Respondent Morales denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$275,000.00, together with interest thereon; punitive damages in the amount of \$600,000.00; costs and disbursements, including reasonable attorneys' fees, accountants and experts; and such other, further, or different relief as the tribunal may deem just, proper, and equitable.

Respondent MetLife requested that the Panel dismiss the Statement of Claim against it with prejudice; and grant such further relief that the Panel deems proper, just, and necessary.

Respondent Morales requested that the Statement of Claim be dismissed; that finding be awarded based upon the affirmative defenses; if any recovery is awarded to Claimant, that it be diminished in proportion to which Claimant's own culpable conduct contributed to its claimed damages; and such other relief as deemed just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent MetLife did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, and appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

At the conclusion of Claimant's case, Respondents moved to dismiss all claims asserting that unsuitability, the gateway issue in the overall complaint, had not been established. Claimant argued to the contrary. After due consideration, the Panel determined to deny the motion.

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, and 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. Respondent MetLife is solely liable for and shall pay to Claimant compensatory damages in the amount of \$116,000.00, plus interest at the rate of 6% per annum from the date of the award through the date of payment of the award.
2. Respondents MetLife and Morales are jointly and severally liable for and shall pay to Claimant compensatory damages in the amount of \$29,000.00, plus interest at the rate of 6% per annum from the date of the award through the date of payment of the award.
3. 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	= \$375.00
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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, MetLife Securities, Inc. is a party.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$4,000.00

Forum Fees and Assessments

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

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00	= \$ 900.00
Pre-hearing conferences:	
February 27, 2004	1 session
March 24, 2004	1 session
One (1) Pre-hearing session with Panel @ \$1,200.00	= \$1,200.00
Pre-hearing conference:	
October 28, 2003	1 session
Five (5) Hearing sessions @ \$1,200.00	= \$6,000.00
Hearing Dates:	
May 20, 2004	3 sessions

May 21, 2004

2 sessions

Total Forum Fees = \$8,100.00

1. The Panel has assessed \$4,050.00 of the forum fees against Claimant.
2. The Panel has assessed \$3,240.00 of the forum fees against Respondent MetLife.
3. The Panel has assessed \$810.00 of the forum fees against Respondent Morales.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 375.00
<u>Forum Fees</u>	= \$4,050.00
Total Fees	= \$4,425.00
<u>Less payments</u>	= \$1,575.00
Balance Due NASD Dispute Resolution	= \$2,850.00

2. Respondent MetLife is solely liable for:

Member Fees	= \$ 7,000.00
<u>Forum Fees</u>	= \$ 3,240.00
Total Fees	= \$10,240.00
<u>Less payments</u>	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 3,240.00

3. Respondent Morales is solely liable for:

<u>Forum Fees</u>	= \$ 810.00
Total Fees	= \$ 810.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 810.00

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

ARBITRATION PANEL

John Edward Sylvester, Esq.	-	Public Arbitrator, Presiding Chair
Douglas R. Savidge	-	Public Arbitrator
William J. Driscoll	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument in which is my award.

John Edward Sylvester, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Douglas R. Savidge
Public Arbitrator

Signature Date

William J. Driscoll
Non-Public Arbitrator

Signature Date


Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

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John Edward Sylvester, Esq.
Public Arbitrator, Presiding Chairperson

7.09.04

Signature Date

Douglas R. Savidge
Public Arbitrator

Signature Date

William J. Driscoll
Non-Public Arbitrator

Signature Date

July 14, 2004

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

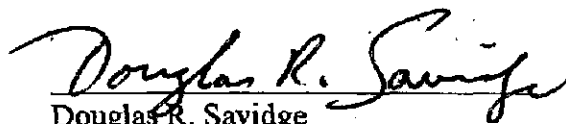
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Signature Date



Douglas R. Savidge
Public Arbitrator

7-6-04

Signature Date

William J. Driscoll
Non-Public Arbitrator

Signature Date

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John Edward Sylvester, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Douglas R. Savidge
Public Arbitrator

Signature Date

Wm. J. Driscoll
William J. Driscoll
Non-Public Arbitrator

7/13/04
Signature Date

July 14, 2004

Date of Service (For NASD Dispute Resolution use only)