

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Thomas Terranova, Arlene Terranova, and Shelly Steggs, JT, Thomas Terranova IRA, Arlene Terranova IRA, and Shelly Steggs IRA (Claimants) v. Morgan Stanley DW, Inc. and Louis Licata (Respondents)

Case Number:03-03695

Hearing Site: Buffalo, New York

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

REPRESENTATION OF PARTIES

Claimant Thomas Terranova, Arlene Terranova, and Shelly Steggs, JT ("Terranovas"), Thomas Terranova IRA ("T. Terranova IRA"), Arlene Terranova IRA ("A. Terranova IRA"), and Shelly Steggs IRA ("Steggs IRA") hereinafter collectively referred to as "Claimants": Donald G. McGrath, Esq. and Andrea Polvino, Esq., McGrath & Polvino, PLLC, Williamsville, NY.

Respondents Morgan Stanley DW, Inc. ("MSDW") and Louis Licata ("Licata") hereinafter collectively referred to as "Respondents": Ralph DeSena, Esq., Morgan Stanley DW, Inc., New York, NY and Steven G. Kobre, Esq., Kobre & Kim, LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: May 16, 2003.

Claimants signed the Uniform Submission Agreement: February 13, 2003.

Joint Statement of Answer filed by Respondents on or about: July 28, 2003.

Respondent MSDW signed the Uniform Submission Agreement: July 28, 2003.

Respondent Licata did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: fraudulent, manipulative, deceptive and deceitful practices; churning; unauthorized trading; suitability; misrepresentations and omissions; breach of contract; violations of state and federal securities laws; breach of fiduciary duty; and failure to supervise. The causes of action relate to shares of Nokia, JDS Uniphase, Dow Jones and Co., Texas Instruments, Sun Microsystems, Convergys Corp., Lucent Technologies, Exodus Comm., Motorola, Level 3 Comm. Inc., Broadcom Corp., Covad Comm. Group, MCI Worldcom, Brocade, Cisco Systems, Equant N.V., and NewsCp Ltd Prf.

Unless specifically admitted in their Answer, Respondents denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested damages calculated as follows:

Joint Account

Net out-of-pocket losses	\$32,557.16
Lost opportunity costs	\$56,957.07
Interest at 9% for nine months	\$ 6,042.21

A. Terranova IRA

Net out-of-pocket losses	\$11,374.62
Lost opportunity costs	\$45,771.82
Interest at 9% for nine months	\$ 3,857.38

Steggs IRA

Net out-of-pocket losses	\$14,735.54
Lost opportunity costs	\$ 2,711.33
Interest at 9% for nine months	\$ 1,177.66

T. Terranova IRA

Net out-of-pocket losses	\$ 5,734.79
Lost opportunity costs	\$ 5,641.33
Interest at 9% for nine months	\$ 767.89

Plus, punitive damages; costs and disbursements, including attorneys' fees pursuant to New York General Business Law §349; and such other and further relief as the Panel deems just and proper.

Respondents requested dismissal of the Statement of Claim in its entirety, with prejudice; costs and expenses; and such other relief as the Panel deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Licata 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, is bound by the determination of the Panel on all issues submitted.

On or about September 23, 2004, NASD Dispute Resolution was notified that the parties fully and finally settled all claims by and between them. Claimants' counsel hereby represents that certain evidence was discovered over the course of this arbitration that led her to believe that

Respondent Licata was not responsible for the losses sustained in Claimants' accounts. Therefore, the parties submit this Stipulated Award to the Panel, requesting that Respondent Licata's CRD record be expunged and all claims be dismissed with prejudice.

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

AWARD

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. Pursuant to the confidential settlement agreement reached between the parties, all claims against Respondents are dismissed with prejudice.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Louis Licata'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 Licata must obtain confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.
3. The parties shall bear their respective costs, including attorneys' fees.
4. 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, Inc. 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 firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, Morgan Stanley DW, Inc. 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

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:

September 27-30, 2004, settled	= \$300.00
Claimants' share	= \$150.00
Respondents' share	= \$150.00

Forum Fees and Assessments

The 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:

One (1) Pre-hearing conference session with the Panel @ \$1,125.00/session	= \$1,125.00
Pre-hearing conference: January 5, 2004 1 session	
Total Forum Fees	= \$1,125.00

1. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Claimants have jointly and severally been assessed \$562.50 of the forum fees.
2. In accordance with Rule 10306 of the NASD Code of Arbitration Procedure Respondents have jointly and severally been assessed \$562.50 of the forum fees.

Fee Summary

1. Claimants are jointly and severally liable for:	
Initial Filing Fee	= \$ 300.00
Three-Day Cancellation Fee	= \$ 150.00
Forum Fees	= \$1,125.00
Total Fees	= \$1,575.00
Less payments	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$ 150.00

Pursuant to Rule 10332(f) of the NASD Code of Arbitration Procedure, NASD is retaining the total amount of the hearing session deposited by the Claimants because this office was notified by the parties that they settled this matter within eight business days of the first scheduled hearing.

2. Respondent MSDW is solely liable for:

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

3. Respondents are jointly and severally liable for:

Three-Day Cancellation Fee	= \$ 150.00
<u>Forum Fees</u>	= \$ 562.50
Total Fees	= \$ 712.50
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 712.50

All balances are due and payable to NASD Dispute Resolution

Parties' Signatures

Thomas Terranova
Claimant

Signature Date

Arlene Terranova
Claimant

Signature Date

Shelly Steggs
Claimant

Signature Date

Morgan Stanley DW, Inc.
Respondent

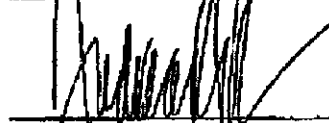
Signature Date

Louis Licata
Respondent


Signature Date

NASD Dispute Resolution
Arbitration No. 03-03695
Stipulated Award Page 4/1

Parties' Signatures



Andrea Polvino, Esq.
Counsel for Claimants Thomas Terranova, Arlene Terranova,
and Shelly Steggs



Signature Date



Zaharah Markoe, Esq.
Counsel for Respondents Morgan Stanley DW Inc.
and Louis Licata



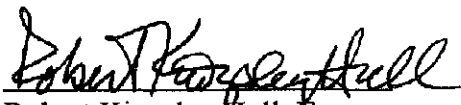
Signature Date

ARBITRATION PANEL

Robert Kingsley Hull, Esq.	-	Public Arbitrator, Presiding Chair
Joan B. Alexander, Esq.	-	Public Arbitrator
Gust D. Servis	-	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 is which is my award.



Robert Kingsley Hull, Esq.
Public Arbitrator, Presiding Chair

October 19, 2004
Signature Date

Joan B. Alexander, Esq.
Public Arbitrator

Signature Date

Gust D. Servis
Non-Public Arbitrator

Signature Date

November 24, 2004
Date of Service (For NASD office use only)

ARBITRATION PANEL

Robert Kingsley Hull, Esq.	-	Public Arbitrator, Presiding Chair
Joan B. Alexander, Esq.	-	Public Arbitrator
Gust D. Servis	-	Non-Public Arbitrator

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Robert Kingsley Hull, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Joan B. Alexander
Joan B. Alexander, Esq.
Public Arbitrator

10/19/04
Signature Date

Gust D. Servis
Non-Public Arbitrator

Signature Date

November 24, 2004
Date of Service (For NASD office use only)

ARBITRATION PANEL

Robert Kingsley Hull, Esq.	-	Public Arbitrator, Presiding Chair
Joan B. Alexander, Esq.	-	Public Arbitrator
Gust D. Servis	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

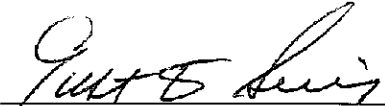
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Robert Kingsley Hull, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Joan B. Alexander, Esq.
Public Arbitrator

Signature Date



Gust D. Servis
Non-Public Arbitrator



Signature Date

November 24, 2004
Date of Service (For NASD office use only)