

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Gerald and Gilda Henson

and

03-04568
Nashville, Tennessee

Name of Respondent

Morgan Stanley DW Inc.

Nature of the Dispute: Customers vs. Member

REPRESENTATION OF PARTIES

Gerald and Gilda Henson ("Claimants") were represented by H. Naill Falls, Jr., Esq., Falls and Veach, Nashville, Tennessee.

Morgan Stanley DW Inc. ("Respondent") was represented by Nelson A. Boxer, Esq., Law Offices of Checher LLP, New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about June 23, 2003. The Submission Agreements of Claimants, Gerald and Gilda Henson, were signed on or about June 15, 2003.

The Statement of Answer was filed by Respondent Morgan Stanley DW Inc. on or about September 18, 2003.

CASE SUMMARY

Claimants, Gerald and Gilda Henson, asserted the following causes of action: common law fraud; breach of fiduciary duty; suitability; failure to supervise; and, negligence. The causes of action relate to the order execution of the Class B mutual fund shares. Claimants alleged that Respondent recommended investing virtually all of their assets in Class B shares which were unsuitable them.

Unless specifically admitted in its Answer, Respondent Morgan Stanley DW Inc. denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: The Statement of Claim failed to state a claim upon which relief may be granted; any and all duties owed by Respondent to Claimants were fully and appropriately performed; all of the transactions that

were effected for Claimants by Respondent were suitable for Claimants' investment objectives and financial status, and were consistent with Claimants' expressed financial goals; all of the transactions pertaining to Claimants' Morgan Stanley accounts were thoroughly discussed with, and authorized by, Claimants, and were effectuated with Claimants' full knowledge and consent; and, there was no negligence by Respondent or its employees in the handling of Claimants' Morgan Stanley accounts.

RELIEF REQUESTED

Claimants requested an award in the amount of \$500,000.00 in compensatory damages, plus interest, attorney's fees, punitive damages, and provide such further relief as the arbitration panel deems to be just and proper.

Respondent requested that the claims asserted against them be denied in its entirety and that they be awarded their costs, expenses and such other relief as is just and proper.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Morgan Stanley DW Inc. did not file with the NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Morgan Stanley DW Inc. is liable for and shall pay to Claimants, Gerald and Gilda Henson, the sum of \$59,505.44 (Fifty Nine Thousand Five Hundred and Five Dollars and Forty Four Cents) in compensatory damages;
2. Respondent Morgan Stanley DW Inc. is liable for and shall pay to Claimants, Gerald and Gilda Henson, the sum of \$13,027.00 (Thirteen Thousand and Twenty Seven Dollars and No Cents) for costs pursuant to T.C.A. §48-2-122(f);

3. Respondent Morgan Stanley DW Inc. is liable for and shall pay to Claimants, Gerald and Gilda Henson, the sum of \$20,000.00 (Twenty Thousand Dollars and No Cents) in attorney's fees pursuant to T.C.A. §48-2-122(f);
4. Respondent Morgan Stanley DW Inc. shall reimburse to the Claimants, Gerald and Gilda Henson, the claim-filing fee; and,
5. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.

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

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, the member firm is Morgan Stanley DW Inc.

Member surcharge	\$	1,700.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	<u>2,750.00</u>
Total Member Fees	\$	5,200.00

Forum Fees and Assessments

The Arbitration 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. Fees associated with these proceedings are:

1 (One) Pre-hearing session with Panel	x	1,125.00	\$	1,125.00
November 13, 2003	1	Session		
4 (Four) Hearing sessions	x	1,125.00		4,500.00
July 28, 2004	2	Sessions		

July 29, 2004 2 Sessions
Total Forum Fees \$ 5,625.00

The Arbitration Panel has assessed \$5,625.00 of the forum fees to Morgan Stanley DW Inc.

Fee Summary

Claimants, Gerald and Gilda Henson, shall be jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$	<u>300.00</u>
Total Fees	= \$	300.00
<u>Less payments</u>	= \$	<u>-1,425.00</u>
Refund due to the Claimant	= \$	1,125.00

Respondent, Morgan Stanley DW Inc., shall be and hereby is liable for:

Member Fees	= \$	5,200.00
<u>Forum Fees</u>	= \$	<u>5,625.00</u>
Total Fees	= \$	10,825.00
<u>Less payments</u>	= \$	<u>-5,200.00</u>
Balance Due NASD Dispute Resolution	= \$	5,625.00

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

ARBITRATION PANEL

A. Ronald Tonks, Ph.D - Public Arbitrator, Presiding Chair
Carol Smith Nickle, J.D. - Public Arbitrator
Richard G. Isaac - Non-Public Arbitrator

Concurring Arbitrators:

/s/ A. Ronald Tonks, Ph.D

A. Ronald Tonks, Ph.D

Public Arbitrator, Presiding Chair

08/12/04

Signature Date

/s/ Carol Smith Nickle, J.D.

Carol Smith Nickle, J.D.

Public Arbitrator

08/12/04

Signature Date

/s/ Richard G. Isaac

Richard G. Isaac

Non-Public Arbitrator

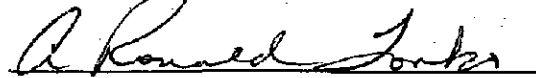
08/13/04

Signature Date

08/16/04

Date of service

Concurring Arbitrators:



A. Ronald Tonks, Ph.D.
Public Arbitrator, Presiding Chair

August 12, 2004
Signature Date

Carol Smith Nickle, J.D.
Public Arbitrator

Signature Date

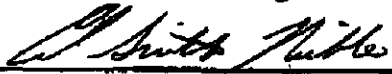
Richard G. Isaac
Non-Public Arbitrator

Signature Date

JULY 28, 29, 2004
Date of service

Concurring Arbitrators:

A. Ronald Tonks, Ph.D.
Public Arbitrator, Presiding Chair


Carol Smith Nickle, J.D.
Public Arbitrator

Richard G. Isaac
Non-Public Arbitrator

Signature Date

8-12-04
Signature Date

Signature Date

Date of service

NASD Dispute Resolution
Arbitration No. 03-04568
Award Page 5 of 5

Concurring Arbitrators:

A. Ronald Tonks, Ph.D.
Public Arbitrator, Presiding Chair

Signature Date

Carol Smith Nickle, J.D.
Public Arbitrator

Signature Date


Richard G. Isaac
Non-Public Arbitrator

Signature Date

Date of service

8-13-04