

**Stipulated Award
NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Dennis M. Cavallo, Claimant v. Morgan Stanley DW Inc. and Lesley R. Lederer, Respondents

Case Number: 03-04939

Hearing Site: San Francisco, California

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

REPRESENTATION OF PARTIES

For Claimant:

Brian L. Zagon, Esq.
Resolution Law Group P.C.
Lafayette, California

Richard L. Jaeger, Esq.
Law Offices of Richard L. Jaeger
San Francisco, California

For Respondents:

Eric G. Wallis, Esq.
Reed Smith LLP
Oakland, California

CASE INFORMATION

Statement of Claim filed: July 2, 2003

Claimant's Uniform Submission Agreement signed: August 20, 2003

Joint Statement of Answer filed by Respondents Morgan Stanley DW Inc. ("Morgan Stanley")
and Lesley R. Lederer: October 15, 2003

Respondents' submission filed: March 23, 2005

Respondent Morgan Stanley's Uniform Submission Agreement signed: September 5, 2003

Respondent Lesley R. Lederer's Uniform Submission Agreement filed: September 5, 2003

CASE SUMMARY

Claimant alleged that Respondents were liable to him for damages resulting from Claimant's investments with Respondents and further alleged that the damages were caused by Respondents' acts and omissions including but not limited to, negligence and breach of fiduciary duty. Claimant further alleged that the above-referenced dispute involves investments in various unspecified high-technology stocks.

Respondents denied the allegations of wrongdoing and denied that Claimant was damaged by any act of Respondents.

RELIEF REQUESTED

Claimant requested:

1. Out-of-pocket damages and lost return on principal damages in the amount of no less than \$2,000,000.00 or, in the alternative, how a prudently managed portfolio would have performed, according to proof at hearing;
2. Prejudgment interest, according to proof at hearing;
3. Costs;
4. Attorney's fees; and
5. Such other and further relief as the Panel may deem just and proper.

Respondents requested dismissal of the Claimant's Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

On September 26, 2003, Claimant and Claimant's Counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On October 15, 2003, Respondents' Counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

The parties agreed that the Stipulated Award in this matter may be executed in counterpart copies.

STIPULATION

Claimant has stipulated to dismiss all claims in the above-captioned arbitration with prejudice, and has further stipulated to expunge this dispute, complaint, and/or this arbitration from Respondent Lesley R. Lederer's registration records maintained by the Central Registration

Depository ("CRD").

AWARD

Pursuant to the stipulation reached by the parties, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. The Panel confirms that all claims in this case are dismissed with prejudice.
2. The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Lesley R. Lederer's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Lesley R. Lederer must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. Each party shall bear its own costs, including attorney's fees.
4. All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 500.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events which gave rise to the dispute, claim, or controversy. Accordingly, the member firm Morgan Stanley is a party and the following fees are assessed:

Member Surcharge	= \$ 2,800.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 5,000.00
Total Member Fees	= \$ 8,550.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

(1) Pre-hearing conference session with a single arbitrator @ \$450.00/session = \$450.00
Pre-hearing conference: August 31, 2004 1 session

(2) Pre-hearing conference sessions with the Panel @ \$1,200.00/session = \$2,400.00
Pre-hearing conference: January 27, 2004 1 session
March 31, 2005 1 session

Total Forum Fees = \$2,850.00

1. The Panel assessed \$1,225.00 of the forum fees to Claimant.
2. The Panel assessed \$1,625.00 of the forum fees jointly and severally to Respondents Morgan Stanley and Lesley R. Lederer.

Fee Summary

1. Claimant is charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 500.00
<u>Forum Fees</u>	<u>= \$ 1,225.00</u>
Total Fees	= \$ 1,725.00
<u>Less payments</u>	<u>= \$(1,700.00)</u>
Balance Due NASD-DR	= \$ 25.00
2. Respondent Morgan Stanley is charged with the following fees and costs:

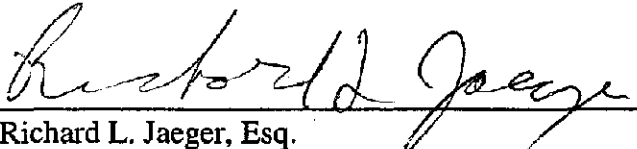
Member Fees	= \$ 8,550.00
<u>Less payments</u>	<u>= \$(8,550.00)</u>
Balance Due NASD-DR	= \$ 0.00
3. Respondents Morgan Stanley and Lesley R. Lederer are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 1,625.00
<u>Less payments</u>	<u>= \$(0.00)</u>
Balance Due NASD-DR	= \$ 1,625.00


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

Parties' Signatures

Dated: February 8, 2005


Richard L. Jaeger, Esq.
Law Offices of Richard L. Jaeger
Attorneys for Claimant

Dated: February 4, 2005


Eric G. Wallis, Esq.
Reed Smith LLP
Attorneys for Respondents

ARBITRATION PANEL

Robert M. Lubin, Esq.	-	Public Arbitrator, Presiding Chair
Amy Seltzer, Ph.D	-	Public Arbitrator
Carlos Richard Mangum	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Robert M. Lubin, Esq.
Chair, Public Arbitrator

Signature Date

Amy Seltzer, Ph.D
Public Arbitrator

Signature Date

Carlos Richard Mangum
Non-Public Arbitrator

Signature Date

4/27/05
Date of Service


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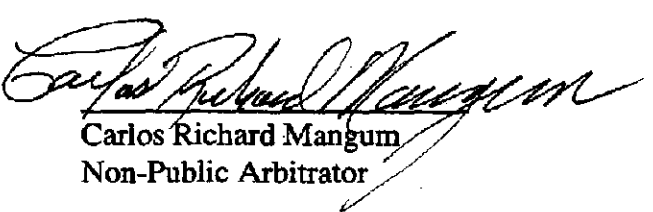
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Signature Date

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Public Arbitrator

Signature Date



Carlos Richard Mangum
Non-Public Arbitrator

4-3-05

Signature Date

4/27/05

Date of Service