

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Javad Bonakchi and
Bonakchi Import/Export, Inc.

and

Case Number: 03-05711
Hearing Site: Houston, Texas

Name of Respondent

Morgan Stanley DW, Inc.

NATURE OF DISPUTE

Customers v. Member Firm

REPRESENTATION OF PARTIES

Javad Bonakchi and Bonakchi Import/Export, Inc. ("**Claimants**") were represented by Alex Katzman, Esq., Katzman & Katzman, San Antonio, Texas.

Morgan Stanley DW, Inc. ("**Respondent**") was represented by Michael J. Stanley, Esq., Stanley Phillips, LLP, Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about August 5, 2003. The Uniform Submission Agreement of Claimants, Javad Bonakchi and Bonakchi Import/Export, Inc., was signed on or about July 29, 2003.

The Statement of Answer was filed by Respondent, Morgan Stanley DW, Inc., on or about October 29, 2003. The Uniform Submission Agreement of Respondent, Morgan Stanley DW, Inc., was signed on or about October 23, 2003.

The First Amended Statement of Claim was filed on or about July 6, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty, misrepresentations, churning, suitability, failure to supervise, unauthorized trading and omissions. The causes of action related to recommendation and purchase of various

unspecified securities. The Claimants alleged that the broker exercised defacto discretionary authority over the account, placed the Claimants' assets in speculative securities, and implemented the use of margin. Claimants also alleged that they ordered the broker to liquidate their holdings, however Respondent failed to do so.

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 decline in value of Claimants' investments made through Morgan Stanley was caused in whole or in part by market events outside the control of Morgan Stanley; Claimants' losses were proximately caused by their own decisions and conduct, not by any action or inaction on the part of Morgan Stanley; Claimants' claims are barred as a result of their failure to mitigate damages; and Claimants voluntarily assumed the risks of the transactions at issue and the investment losses incurred.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$500,000.00
Punitive/Exemplary Damages	Unspecified
Other Costs	Unspecified
Attorney's Fees	Unspecified
Other Monetary Relief	Unspecified

Respondent requested that the claims asserted against it be denied in its entirety and that it be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

The Panel granted the Motion for Leave to Amend the Statement of Claim on or about July 25, 2004.

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 NASD Dispute Resolution ("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, Javad Bonakchi and Bonakchi Import/Export, Inc., the sum of \$15,000.00 in compensatory damages;
- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 3.) Any relief not specifically enumerated, including punitive damages and attorney fees, is hereby 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 = \$ 375.00

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

Adjournment Fees

Adjournments granted during these proceedings:

August 17-19, 2004, adjournment requested jointly by the parties = \$1,125.00

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:

One (1) Pre-hearing session with Panel x \$1,200.00	= \$1,200.00
Pre-hearing conference: February 24, 2004 1 session	

Four (4) Hearing sessions x \$1,125.00	= \$4,500.00
Hearing Dates: January 5, 2005 2 sessions	
January 6, 2005 2 sessions	
<hr/> Total Forum Fees	<hr/> = \$5,700.00

The Arbitration Panel has assessed \$5,700.00 of the forum fees to Morgan Stanley DW, Inc.

Fee Summary

Claimants, Javad Bonakchi and Bonakchi Import/Export, Inc., are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Adjournment Fee	= \$ 562.50
<hr/> Total Fees	<hr/> = \$ 937.50
Less payments	= \$ 2,175.00
Refund due to Claimants	= \$ 1,237.50

Respondent, Morgan Stanley DW, Inc., is liable for:

Member Fees	= \$ 7,000.00
Adjournment Fee	= \$ 562.50
Forum Fees	= \$ 5,700.00
<hr/> Total Fees	<hr/> = \$13,262.50
Less payments	= \$ 7,600.00
Balance Due NASD Dispute Resolution	= \$ 5,662.50

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

ARBITRATION PANEL

Jerry C. Prestridge, Esq. - Public Arbitrator, Presiding Chair
R. Lee Britton Jr., Esq. - Public Arbitrator
James Augustine - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Jerry C. Prestridge
Jerry C. Prestridge, Esq.
Public Arbitrator, Presiding Chair

January 12, 2005
Signature Date

/s/ R. Lee Britton Jr., Esq.
R. Lee Britton Jr., Esq.
Public Arbitrator

January 12, 2005
Signature Date

James Augustine
Non-Public Arbitrator

Signature Date

January 12, 2005
Date of Service (For NASD office use only)

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ARBITRATION PANEL

Jerry C. Prestidge, Esq. - Public Arbitrator, Presiding Chair
R. Lee Britton Jr., Esq. - Public Arbitrator
James Augustine - Non-Public Arbitrator

Concurring Arbitrators:

Jerry C. Prestidge, Esq.
Public Arbitrator, Presiding Chair

Signature Date

R. Lee Britton Jr., Esq.
Public Arbitrator

Signature Date


James Augustine
Non-Public Arbitrator


1/18/2005
Signature Date

Date of Service (For NASD office use only)


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James Augustine - Non-Public Arbitrator

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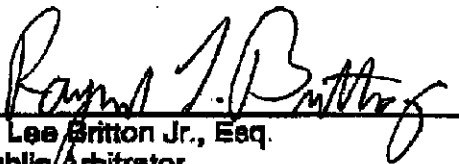
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Jerry C. Prestridge, Esq.
Public Arbitrator, Presiding Chair

Signature Date


R. Lee Britton Jr., Esq.
Public Arbitrator

01-12-05
Signature Date

James Augustine
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)