

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Names of the Claimants
Paul R. and Joan T. Davis

Case Number: 03-06451

Names of the Respondents
Richard F. Hughes, Jr.
Hudspeth/Browne Group
Merrill Lynch, Pierce, Fenner & Smith, Inc.

Hearing Site: Philadelphia, PA

Nature of the Dispute: Customers vs. Associated Person, Non-Member and Member

REPRESENTATION OF PARTIES

Claimants, Paul R. and Joan T. Davis, hereinafter collectively referred to as "Claimants", were represented by Steven H. Berkowitz, Esq., Moore and Berkowitz, Southampton, PA.

Respondents, Merrill Lynch, Pierce, Fenner & Smith Inc. ("Merrill Lynch"), the Hudspeth/Browne Group ("Hudspeth/Browne") and Richard F. Hughes, Jr. ("Hughes"), hereinafter collectively referred to as "Respondents", were represented by Lawrence D. Ross, Esq., Bressler, Amery & Ross, P.C., Florham Park, New Jersey.

CASE INFORMATION

Statement of Claim filed on September 8, 2003.

Claimants signed the Uniform Submission Agreement on September 4, 2003.

Statement of Answer filed by Respondents on or about December 1, 2003.

A representative of Respondent Merrill Lynch filed an executed, undated Uniform Submission Agreement on July 29, 2004.

Respondent Hughes signed the Uniform Submission Agreement on March 25, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: unsuitability; fraud and misrepresentations; breach of contract; breach of fiduciary duty; violation of NASD and NYSE Rules; violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Act; and, failure to supervise.

In their Statement of Answer Respondents denied the material allegations in the Statement of Claim.

RELIEF REQUESTED

Claimants requested:

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| Compensatory Damages | \$146,000.00 |
| Punitive Damages | unspecified amount |
| Interest | unspecified amount |
| Attorneys' Fees | unspecified amount |
| Costs | unspecified amount |

Respondents requested that: (i) the Statement of Claim be dismissed with prejudice; (ii) the arbitrators enter an order expunging this claim from the permanent registration records of the individual respondent; and (iii) the arbitrators award Respondents costs and other further relief as they deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the hearing, and upon review of the pleadings and materials exchanged by the parties, Claimants acknowledged that Respondents Hughes and Hudspeth/Browne did not engage in any wrongdoings and dismissed their claims against them. Merrill Lynch and Claimants reached a settlement of the remaining claims. Therefore, the parties submit this Stipulated Award to the Arbitration Panel (the "Panel") for its consideration and request that it be entered.

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

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

1. The Panel recommends the expungement of all reference to the above-captioned arbitration from the registration records maintained by the NASD Central Registration Depository ("CRD") of Respondent Hughes (CRD #2269554);
2. Although not specifically named as individual respondents in the statement of claim, the Panel further recommends the expungement of all references to the above-captioned arbitration from the registration records maintained by the CRD of John Hudspeth (CRD #1018682), Gerald Browne (CRD #1245258), and Shawn Senior (CRD #3023537), as they were members of the Hudspeth/Browne Group at the relevant time-period and therefore their CRD records were amended (via the uniform registration forms, i.e., Form U4 and/or Form U5) to include the arbitration proceeding;
3. All of the expungement recommendations are made with the understanding that pursuant to NASD Notices to Member 99-09 and 99-54, Richard Hughes, John Hudspeth, Gerald

Browne and Shawn Senior must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;

4. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and,
5. Any and all relief not specifically addressed herein including punitive and treble damages is denied in its entirety.

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(s) at the time of the events giving rise to the dispute. Accordingly, Merrill Lynch is a party.

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| Member Surcharge | = \$1,700.00 |
| Pre-Hearing Process Fee | = \$ 750.00 |
| Hearing Process Fee | = \$2,750.00 |

Forum Fees and Assessments

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

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| One (1) Pre-hearing session with a single arbitrator @ \$450.00 | = \$ 450.00 |
| Pre-hearing conference: September 28, 2004 1 session | |

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| One (1) Pre-hearing session with Panel @ \$1,125.00 | = \$1,125.00 |
| Pre-hearing conference: April 21, 2004 1 session | |

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| Total Forum Fees | = \$1,575.00 |
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1. The Panel has assessed \$630.00 of the forum fees to Claimants jointly and severally.
2. The Panel has assessed \$315.00 of the forum fees to Respondent Hughes.
3. The Panel has assessed \$315.00 of the forum fees to Respondent Hudspeth/Browne.
4. The Panel has assessed \$315.00 of the forum fees to Respondent Merrill Lynch.

Fee Summary

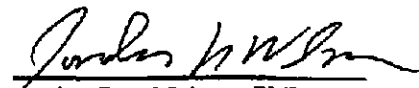
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|--|---------------------|
| 1. Claimants are jointly and severally assessed and shall pay: | |
| Initial Filing Fee | = \$ 300.00 |
| Forum Fees | = \$ 630.00 |
| Retained Hearing Session Deposit | = \$ 495.00 |
| <u>Three-day Cancellation Fee</u> | <u>= \$ 120.00</u> |
| Total Fees | = \$1,545.00 |
| <u>Less payments</u> | <u>= \$1,425.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 120.00 |
| 2. Respondent Hughes is assessed and shall pay: | |
| Forum Fees | = \$ 315.00 |
| <u>Three-day Cancellation Fee</u> | <u>= \$ 60.00</u> |
| Total Fees | = \$ 375.00 |
| <u>Less payments</u> | <u>= \$ 0.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 375.00 |
| 3. Respondent Hudspeth/Browne is assessed and shall pay: | |
| Forum Fees | = \$ 315.00 |
| <u>Three-day Cancellation Fee</u> | <u>= \$ 60.00</u> |
| Total Fees | = \$ 375.00 |
| <u>Less payments</u> | <u>= \$ 0.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 375.00 |
| 4. Respondent Merrill Lynch is assessed and shall pay: | |
| Member Fees | = \$5,200.00 |
| Forum Fees | = \$ 315.00 |
| <u>Three-day Cancellation Fee</u> | <u>= \$ 60.00</u> |
| Total Fees | = \$5,575.00 |
| <u>Less payments</u> | <u>= \$5,200.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 375.00 |

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

ARBITRATION PANEL

| | | |
|------------------------|---|------------------------------------|
| Jordan Roy Nelson, PhD | - | Public Arbitrator, Presiding Chair |
| Blaine S. Greenfield | - | Public Arbitrator, Panelist |
| Carl T. Necker, Sr. | - | Non-Public Arbitrator, Panelist |

Concurring Arbitrators' Signatures


Jordan Roy Nelson, PhD
Public Arbitrator, Presiding Chair

4/24/05
Date

Blaine S. Greenfield
Public Arbitrator, Panelist

Date

Carl T. Necker, Sr.
Non-Public Arbitrator, Panelist

Date

April 24, 2005
Date of Service (For NASD Dispute Resolution office use only)

ARBITRATION PANEL

Jordan Roy Nelson, PhD
Blaine S. Greenfield
Carl T. Necker, Sr.

Public Arbitrator, Presiding Chair
Public Arbitrator, Panelist
Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

Jordan Roy Nelson, PhD
Public Arbitrator, Presiding Chair

Date



Blaine S. Greenfield
Public Arbitrator, Panelist

Date

Carl T. Necker, Sr.
Non-Public Arbitrator, Panelist

Date

April 26, 2005
Date of Service (For NASD Dispute Resolution office use only)

ARBITRATION PANEL

Jordan Roy Nelson, PhD
Blaine S. Greenfield
Carl T. Necker, Sr.

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Public Arbitrator, Presiding Chair
Public Arbitrator, Panelist
Non-Public Arbitrator, Panelist

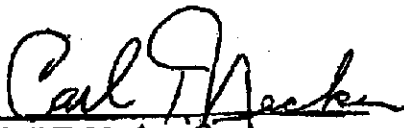
Concurring Arbitrators' Signatures

Jordan Roy Nelson, PhD
Public Arbitrator, Presiding Chair

Date

Blaine S. Greenfield
Public Arbitrator, Panelist

Date



Carl T. Necker, Sr.
Non-Public Arbitrator, Panelist



Date



Date of Service (For NASD Dispute Resolution office use only)