

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Sadanand Singh and Sheha S. Singh JTEN and Robert Caplan, Trustee, Singh Children's Life Insurance Trust Dated June 19, 1986, Claimants v. Morgan Stanley DW Inc., Michael D. Schneickert, and Richard M. Blosser, Respondents

Case Number: 04-00035

Hearing Site: San Diego, California

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

REPRESENTATION OF PARTIES

For Claimants:

A. Kendall Wood, Esq.
Hinchy, Witte, Wood & Anderson, LLP
San Diego, California

For Respondents Morgan Stanley DW Inc.
and Richard M. Blosser:

Todd E. Gordinier, Esq.
Stradling Yocca Carlson & Rauth
Newport Beach, California

For Respondent Michael D. Schneickert:

Jon A. Weininger, Esq.
Jeffer, Mangels, Butler & Marmaro, LLP
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: December 31, 2003

Claimants' Joint Uniform Submission Agreement signed: November 21, 2003

Joint Statement of Answer filed by Respondents Morgan Stanley DW Inc. and Richard M. Blosser: April 2, 2004

Statement of Answer filed by Respondent Michael D. Schneickert: March 26, 2004

Respondent Morgan Stanley DW Inc.'s Uniform Submission Agreement signed: April 1, 2004

Respondent Richard M. Blosser's Uniform Submission Agreement signed: April 2, 2004

Respondent Michael D. Schneickert's Uniform Submission Agreement signed: February 10, 2004

CASE SUMMARY

Claimants alleged breach of fiduciary duty, violation of federal and state securities laws, fraud and deceit, violation of California Unfair Business Practices Act, negligent misrepresentation, and professional negligence as Investment Advisor. The dispute involved, among other unspecified securities, the purchase and/or sale of Sycamore Networks, Inc.

Unless specifically admitted in their Answers, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in excess of \$3,000,000.00, punitive and exemplary damages of at least two times the loss in value in Claimants' capital or an amount to be determined by the panel, pre-award and post-award interest from the date of losses to date of payment of the award, an order enjoining Respondents from engaging in the conduct alleged in the claim and requiring Respondents to disgorge to Claimants any profits acquired by means of such conduct, attorney's fees, and arbitration costs.

Respondents Morgan Stanley DW Inc. and Richard M. Blosser requested dismissal of the Claimants' Statement of Claim in its entirety.

Respondent Michael D. Schneicker requested dismissal of the Claimants' Statement of Claim in its entirety, arbitration costs, and that any reference to this matter be expunged from his CRD record.

OTHER ISSUES CONSIDERED AND DECIDED

On March 18, 2004, Claimants and Claimants' 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.

Pursuant to the Code of Arbitration Procedure IM-10100, the waiver of the Claimant shall constitute and operate as a waiver for all member firms and associated persons (including terminated or otherwise inactive member firms or associated persons) against whom the Claim has been filed.

On February 25, 2005, NASD Dispute Resolution received notice that Claimant dismissed Respondent Michael D. Schneickert.

On March 14, 2005, NASD Dispute Resolution received notice that Claimant dismissed Respondent Richard M. Blosser.

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

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

- 1) Respondent Morgan Stanley DW Inc. is liable to and shall pay Claimants Sadanand Singh and Sheha S. Singh JTEN \$3,062,325.00 in compensatory damages.
- 2) Claimant Robert Caplan, Trustee, Singh Children's Life Insurance Trust Dated June 19, 1986's claims are denied in their entirety.
- 3) Claimants' request for punitive damages is denied.
- 4) The parties shall bear their respective costs, including attorney's fees.
- 5) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code of Arbitration Procedure ("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 that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Morgan Stanley DW Inc. 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 has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing conference sessions with a single arbitrator @ \$450.00/session= \$ 900.00

Pre-hearing conferences:	January 28, 2005	1 session
	March 24, 2005	1 session

One (1) Pre-hearing conference sessions with the Panel @ \$1,200.00/session = \$ 1,200.00

Pre-hearing conference:	September 14, 2004	1 session
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Ten (10) Hearing sessions @ \$1,200.00/session = \$12,000.00

Hearings:	March 28, 2005	2 sessions
	March 29, 2005	2 sessions
	March 30, 2005	2 sessions
	March 31, 2005	2 sessions
	April 1, 2005	2 sessions

Total Forum Fees	= \$14,100.00
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The Panel assessed \$14,100.00 of the forum fees to Respondent Morgan Stanley DW Inc.

Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 500.00
<u>Less payments</u>	<u>= \$(1,800.00)</u>
Refund Due Claimants	= \$(1,300.00)

2. Respondent Morgan Stanley DW Inc. is charged with the following fees and costs:


Member Fees	= \$ 8,550.00
<u>Forum Fees</u>	<u>= \$14,100.00</u>
Total Fees	= \$22,650.00
<u>Less payments</u>	<u>= \$(8,550.00)</u>
Balance Due NASD Dispute Resolution	= \$14,100.00

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.

ARBITRATION PANEL

Harvey C. Flodin	-	Public Arbitrator, Presiding Chair
Leslie Jordan	-	Public Arbitrator
Brett W. Everhart	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Harvey C. Flodin
Chair, Public Arbitrator

4/4/05

Signature Date

Leslie Jordan
Public Arbitrator

Signature Date

Brett W. Everhart
Non-Public Arbitrator

Signature Date

April 4, 2005

Date of Service

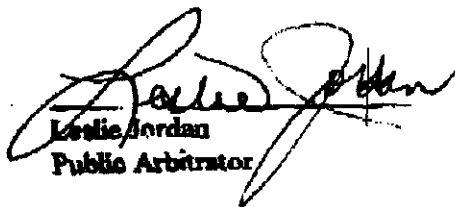
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Chair, Public Arbitrator

Signature Date


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Public Arbitrator

April 4, 2005
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Leslie Jordan
Public Arbitrator

Signature Date



Brett W. Everhart
Non-Public Arbitrator

4-5-05

Signature Date

April 4, 2005

Date of Service