

**Stipulated Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimant

Thomas B. Hanna

Case Number: 04-00622

Names of the Respondents

Merrill Lynch, Pierce, Fenner & Smith, Inc.
James Graham Paterson, Jr.

Hearing Site: Raleigh, NC

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

REPRESENTATION OF PARTIES

Claimant, Thomas B. Hanna, hereinafter referred to as "Claimant", was represented by Carrie Anne Orlikowski, Esq., Lea, Rhine & Associates, PLLC, Wilmington, North Carolina.

Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch") and James Graham Paterson, Jr. ("Paterson"), hereinafter collectively referred to as "Respondents", were represented by Alan Wolper, Esq. and Bryan M. Ward, Esq., Sutherland, Asbill & Brennan, LLP, Atlanta, Georgia.

CASE INFORMATION

Statement of Claim filed on February 2, 2004.

Claimant signed the Uniform Submission Agreement on January 13, 2004.

Statement of Answer filed by Respondents on April 27, 2004.

A representative of Respondent Merrill Lynch signed the Uniform Submission Agreement on February 26, 2004.

Respondent Paterson signed the Uniform Submission Agreement on March 17, 2004.

CASE SUMMARY

Claimant, in the Statement of Claim, asserted the following causes of action, among others: breach of fiduciary duty in recommending unsuitable investments, negligence in violating NYSE and NASD rules, negligent misrepresentation, negligent supervision, *respondeat superior*, violations of North Carolina's Blue Sky statutes, and violations of Section 17(a). The causes of action relate to the purchase and sale of various technology stocks.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses, among others: all trades were suitable, Claimant knowingly assumed the risks of his investments, Respondents made no misrepresentations or omissions of material facts, and Claimant's claims are barred by applicable statutes of limitations.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$ 91,000.00
Punitive Damages	amount unspecified
Interest	amount unspecified
Attorney's Fees	amount unspecified
Other Costs	amount unspecified

Respondents requested that the Arbitration Panel (the "Panel") enter an award dismissing Claimant's Statement of Claim in its entirety, that all forum fees and costs be assessed against Claimant, and that the Panel order the expungement of all reference to this matter from the Central Registration Depository ("CRD") record of Respondent Paterson.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the hearing, the parties fully and finally settled all claims by and between them. Therefore, the parties submit this Stipulated Award to the Panel for its consideration and request that it be entered.

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

AWARD

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

1. That the parties have amicably resolved their differences and have requested this Stipulated Award;
2. That the Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Paterson's registration records maintained by the CRD with the understanding that, pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Paterson must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. That each party shall bear its own costs and expenses, including attorneys' fees, except as Fees are specifically addressed below; and
4. That any and all relief not specifically addressed herein, including punitive 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 = \$ 225.00

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. Accordingly, Respondent Merrill Lynch is a party.

Member surcharge	= \$ 1,100.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 1,700.00

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:

Two (2) Pre-hearing sessions with Panel @ \$ 750.00	waived by Panel
Pre-hearing conferences: September 24, 2004	1 session
November 2, 2004	1 session

Two (2) Pre-hearing sessions with Panel @ \$ 750.00	= \$ 1,500.00
Pre-hearing conferences September 3, 2004	1 session
November 5, 2004	1 session

Total Forum Fees	= \$ 1,500.00
------------------	---------------

1. The Panel has assessed \$ 750.00 of the forum fees to Claimant.
2. The Panel has assessed \$ 750.00 of the forum fees to Respondent Merrill Lynch.

Fee Summary

1. Claimant is assessed and shall pay:

Initial Filing Fee	= \$ 225.00
Forum Fees	= \$ 750.00
Total Fees	= \$ 975.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$ 0.00

2. Respondent Merrill Lynch is assessed and shall pay:

Member Fees	= \$ 3,550.00
-------------	---------------

Forum Fees	= \$ 750.00
Total Fees	= \$ 4,300.00
Less payments	= \$ 3,550.00
Balance Due NASD Dispute Resolution	= \$ 750.00

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

ARBITRATION PANEL

Leonard E. Benade	-	Public Arbitrator, Presiding Chairperson
John R. Canada	-	Public Arbitrator, Panelist
Timothy J. Wright	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures



Leonard E. Benade
Public Arbitrator, Presiding Chairperson



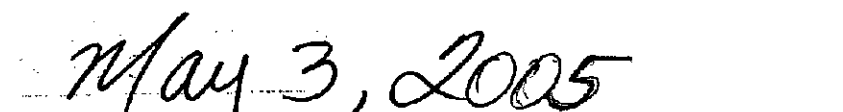
Signature Date

John R. Canada
Public Arbitrator, Panelist

Signature Date

Timothy J. Wright
Non-Public Arbitrator, Panelist

Signature Date




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

Concurring Arbitrators' Signatures

Leonard E. Benade
Public Arbitrator, Presiding Chairperson

Signature Date



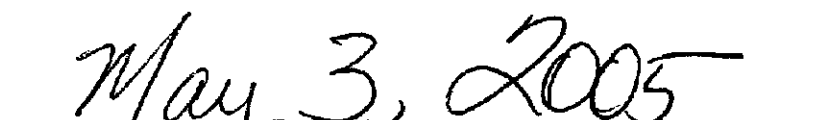
John R. Canada
Public Arbitrator, Panelist



Signature Date

Timothy J. Wright
Non-Public Arbitrator, Panelist

Signature Date



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


Concurring Arbitrators' Signatures

Leonard E. Benade
Public Arbitrator, Presiding Chairperson

Signature Date

John R. Canada
Public Arbitrator, Panelist

Signature Date



Timothy J. Wright
Non-Public Arbitrator, Panelist

05-02-05

Signature Date

May 3, 2005

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