
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Ina Sue Williams, both personally and
as Trustee of The James J. Williams Trust

Case Number: 04-01585

Names of the Respondents

Morgan Stanley DW Inc.
Steven Ellis Cowan

Hearing Site: Orlando, Florida

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

REPRESENTATION OF PARTIES

For Ina Sue Williams, both personally and as Trustee of The James J. Williams Trust, hereinafter collectively referred to as "Claimants": David L. McGee, Esq., Beggs & Lane, L.L.P., Pensacola, Florida.

For Respondent Morgan Stanley DW, Inc. ("MSDW"): Peter S. Fruin, Esq., Maynard, Cooper & Gale, P.C., Birmingham, Alabama.

For Respondent Steven Ellis Cowan ("Cowan"): Mary Beth Mantiplly, Esq., Mantiplly and Associates, Montrose, Alabama. On or about March 27, 2006, Mary Beth Mantiplly, Esq. withdrew as counsel and Respondent Cowan appeared *pro se*. On or about April 6, 2006, J. Brock McClane, Esq. and Valentyna L. Scherbey, Esq., McClane Tessitore, Orlando, Florida, appeared on behalf of Respondent Cowan.

CASE INFORMATION

Statement of Claim filed on or about: March 9, 2004.

Claimants signed the Uniform Submission Agreement: March 3, 2004.

Statement of Answer filed by Respondent MSDW on or about: July 26, 2004.

Respondent MSDW did not file an executed Uniform Submission Agreement.

Statement of Answer filed by Respondent Cowan on or about: June 29, 2004.

Respondent Cowan signed the Uniform Submission Agreement: June 28, 2004.

Motion to Dismiss filed by Respondents MSDW and Cowan on or about June 21, 2005.

Response to Respondents' Motion to Dismiss filed by Claimants on or about: July 19, 2005.

Respondent MSDW's Motion for Leave to File Amendment to Answer filed on or about: August 19, 2005.
Claimants' Response to Respondent MSDW's Motion for Leave to File Amendment to Answer filed on or about: August 29, 2005.

Respondent MSDW's Amendment to its Statement of Answer filed on or about: August 29, 2005.

Motion for More Definite Statement of Claim filed by Respondent Cowan on or about: March 22, 2006.

Response to Respondent Cowan's Motion for More Definite Statement of Claim filed by Claimants on or about: April 5, 2006.

Motion to Dismiss Due to Ineligibility filed by Respondent Cowan on or about: March 27, 2006.

Response to Respondent Cowan's Motion to Dismiss filed by Claimants on or about: April 4, 2006.

CASE SUMMARY

Claimants alleged the following causes of action in the Statement of Claim: 1) civil theft; 2) fraud; 3) breach of fiduciary duty; 4) violations of Sections 517.301 and 517.211 of the Florida Statutes; 5) violations of Sections 8-6-17 and 8-6-19 of the Alabama Statutes; 6) negligence; 7) failure to supervise; 8) unsuitability; and 9) excessive trading. The causes of action relate to unauthorized withdrawals of funds from Claimants' account, trades of BEA Systems Inc. stock within Claimants' account, and the purchase of unspecified mutual fund class B shares in Claimants' account.

Unless specifically admitted in its Statement of Answer, Respondent MSDW denied the allegations made in the Statement of Claim and asserted various defenses.

Unless specifically admitted in his Statement of Answer, Respondent Cowan denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimants requested: 1) compensatory damages in the amount of \$500,000.00; 2) treble damages; 3) punitive damages; 4) costs; and 5) reasonable attorneys' fees.

Respondent MSDW requested: 1) that the relief requested in the Statement of Claim be denied in all respects; and 2) that the costs of this proceeding be assessed against Claimants.

Respondent Cowan requested: 1) a setoff from any amounts claimed by Claimants for all profits derived by Claimants over the course of their financial representation by Respondent Cowan; and 2) attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

On or about July 25, 2005, the undersigned arbitrators (the "Panel") entered an Order denying the Motion to

Dismiss filed by Respondents MSDW and Cowan.

On or about August 29, 2005, the Panel entered an Order granting Respondent MSDW's Motion for Leave to File Amendment to Answer and deemed the Amendment filed.

On or about April 6, 2006, Claimants advised NASD Dispute Resolution that they had settled their claims against Respondent MSDW.

On or about April 6, 2006, the Panel entered an Order denying Respondent Cowan's Motion to Dismiss Due to Ineligibility and Respondent Cowan's Motion for More Definite Statement of Claim.

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, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Cowan is liable for common law fraud and shall pay to Claimants compensatory damages in the amount of \$3,300.00, plus interest at the Florida statutory rate which shall accrue from July 1, 2001 until the date of payment of the Award.
2. Respondent Cowan is liable and shall reimburse Claimants the sum of \$500.00 representing the claim filing fee previously paid by Claimants to NASD Dispute Resolution.
3. Claimants' requests for punitive damages, treble damages and attorneys' fees are denied.
4. Respondent Cowan's request for attorneys' fees is denied.
5. Any and all claims for relief not specifically addressed herein, including Claimants' claims under Chapter 517, Florida Statutes, are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 500.00

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 MSDW is a party and a member firm.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

September 12-16, 2005, adjourned by joint request of the parties. The Panel waived assessment of the adjournment fee in the amount of \$1,200.00.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

The Panel waived assessment of a three-day cancellation fee in the amount of \$300.00.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

There were no injunctive relief fees assessed during these proceedings.

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 arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator @ \$450.00 per session	= \$ 450.00
Pre-hearing conference: April 18, 2005 1 session	
Three (3) Pre-hearing sessions with the Panel @ \$1,200.00 per session	= \$ 3,600.00
Pre-hearing conferences: October 14, 2004 1 session	
July 11, 2005 1 session	
July 22, 2005 1 session	
Five (5) Hearing Sessions @ \$1,200.00 per session	= \$ 6,000.00
Hearing sessions: April 10, 2006 2 sessions	
April 11, 2006 2 sessions	

April 12, 2006 1 session

Total Forum Fees = \$10,050.00

The Panel waived forum fees in the amount of \$1,200.00 for the pre-hearing conference of July 11, 2005.

The Panel assessed forum fees in the amount of \$8,850.00 to Respondent Cowan.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
Total Fees	= \$ 500.00
<u>Less payments</u>	= \$ 500.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent MSDW is solely liable for:

<u>Member Fees</u>	= \$ 8,550.00
Total Fees	= \$ 8,550.00
<u>Less payments</u>	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Cowan is solely liable for:

<u>Forum Fees</u>	= \$ 8,850.00
Total Fees	= \$ 8,850.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 8,850.00

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

ARBITRATION PANEL

<i>Diana A. Weiner, Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Ron Pekoe</i>	-	<i>Public Arbitrator</i>
<i>Gustavus L. Pearthree</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

_____/s/_____
Diana A. Weiner, Esq.
Public Arbitrator, Presiding Chairperson

April 18, 2006
Signature Date

_____/s/_____
Ron Pekoe
Public Arbitrator

April 18, 2006
Signature Date

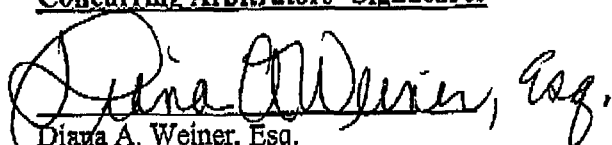
_____/s/_____
Gustavus L. Pearthree
Non-Public Arbitrator

April 18, 2006
Signature Date

April 19, 2006
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution
Arbitration No. 04-01585
Award Page 6

Concurring Arbitrators' Signatures


Diana A. Weiner, Esq.
Public Arbitrator, Presiding Chairperson

4-18-06
Signature Date

Ron Pekoe
Public Arbitrator

Signature Date

Gustavus L. Pearthree
Non-Public Arbitrator

Signature Date

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

Concurring Arbitrators' Signatures

Diana A. Weiner, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



4.12.06

Ron Pekoe
Public Arbitrator

Signature Date

Gustavus L. Pearthree
Non-Public Arbitrator

Signature Date

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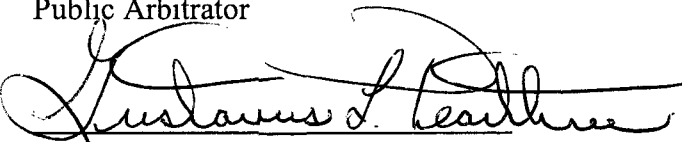
Concurring Arbitrators' Signatures

Diana A. Weiner, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Ron Pekoe
Public Arbitrator

Signature Date



Gustavus L. Pearthree
Non-Public Arbitrator

4/18/06
Signature Date

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