

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Evelyn Caputo (Claimant) vs. Merrill Lynch, Pierce, Fenner and Smith Incorporated and Anthony Todd Watts (Respondents)

Case Number: 04-01733

Hearing Site: Columbus, Ohio

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

REPRESENTATION OF PARTIES

Claimant Evelyn Caputo hereinafter referred to as "Claimant": Stephen P. Meyer, Esq., Meyer & Ford, Charleston, WV.

Respondents Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and Anthony Todd Watts ("Watts") hereinafter collectively referred to as "Respondents": S. Lawrence Polk, Esq., and Brian C. Hale, Esq., Sutherland Asbill & Brennan LLP, Atlanta, GA.

CASE INFORMATION

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

Claimant signed the Uniform Submission Agreement on or about: March 6, 2004.

Statement of Answer filed by Respondents on or about: May 19, 2004.

Merrill Lynch signed the Uniform Submission Agreement on or about: April 2, 2004.

Watts signed the Uniform Submission Agreement on or about: April 14, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: violation of Section 10(b), Rule 10b-5, and Section 20(A) of the Securities Exchange Act of 1934, violation of West Virginia common law, fraud, negligence, breach of contract, breach of fiduciary duty, respondeat superior, and violation of NASD and NYSE Rules.

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

RELIEF REQUESTED

Claimants requested compensatory damages in an amount in excess of \$457,468.00

plus interest, disgorgement of all profits and commissions earned by Respondents due to their intentional and/or reckless conduct, costs, expert fees, forum fees, attorneys' fees, punitive damages, and such other and further relief as the Panel deems just, proper, and equitable.

Respondents requested dismissal of the Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated December 9, 2004 Claimant informed NASD Dispute Resolution that the parties settled this matter. On or about January 10, 2005 NASD Dispute Resolution removed this case from its docket. On May 17, 2006 Respondents submitted a Motion to Re-Open the Arbitration Proceeding and for Entry of a Stipulated Award. On June 29, 2006 a pre-hearing conference was held and the Panel heard oral arguments on the Motion to Re-Open. After due deliberation of all written submissions and oral arguments presented, the Panel granted Respondents' Motion to Re-Open.

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.

AWARD

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. The parties entered into a confidential settlement agreement.
2. Claimant's claims against Respondents are dismissed.
3. The Panel recommends the expungement of all references to the above-captioned arbitration from Respondent Watts' registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to Notices to Members 99-09 and 99-54, Respondent Watts must obtain confirmation from a court of competent jurisdiction before the CRD will execute this expungement directive.
4. Each party shall bear its own costs and attorneys' fees.
5. Any and all relief not specifically addressed herein, including punitive damages, is denied.

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 at the time of the events giving rise to the dispute. Accordingly, Merrill Lynch, Pierce, Fenner and Smith Incorporated is a party.

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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with Panel @ \$1,125.00 = \$ 2,250.00
Pre-hearing conferences: August 23, 2004 1 session
June 29, 2006 1 session

Total Forum Fees = \$ 2,250.00

1. The Panel assessed \$1,125.00 of the forum fees for the June 29, 2006 pre-hearing conference to Respondents, jointly and severally.
2. Pursuant to Rule 10306, the remaining forum fees are assessed as follows:
 - a. Claimant is assessed \$375.00 of the forum fees.
 - b. Respondent Merrill Lynch is assessed \$375.00 of the forum fees.
 - c. Respondent Watts is assessed \$375.00 of the forum fees.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 375.00
Total Fees	= \$ 675.00
<u>Less payments</u>	<u>= \$ 1,425.00</u>
Refund Due Claimant	= \$ 750.00

2. Respondent Merrill Lynch is solely liable for:

Member Fees	= \$ 5,200.00
<u>Forum Fees</u>	<u>= \$ 375.00</u>

Total Fees	= \$	5,575.00
<u>Less payments</u>	= \$	<u>5,575.00</u>
Balance Due NASD Dispute Resolution	= \$	0.00

3. Respondent Watts is solely liable for:

<u>Forum Fees</u>	= \$	<u>375.00</u>
Total Fees	= \$	375.00
<u>Less payments</u>	= \$	<u>375.00</u>
Balance Due NASD Dispute Resolution	= \$	0.00

4. Respondents are jointly and severally liable for:

<u>Forum Fees</u>	= \$	<u>1,125.00</u>
Total Fees	= \$	1,125.00
<u>Less payments</u>	= \$	<u>0.00</u>
Balance Due NASD Dispute Resolution	= \$	1,125.00

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

ARBITRATION PANEL

Marcus A. Ross, Esq.	-	Public Arbitrator: Presiding Chairperson
Derek F. Collins	-	Public Arbitrator
Erick R. Zanner	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Marcus A. Ross

Marcus A. Ross, Esq.
Public Arbitrator, Presiding Chairperson

8-4-06

Signature Date

Derek F. Collins
Public Arbitrator

Signature Date

Erick R. Zanner
Non-Public Arbitrator

Signature Date

August 25, 2006

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Marcus A. Ross, Esq.	-	Public Arbitrator, Presiding Chairperson
Derek F. Collins	-	Public Arbitrator
Erick R. Zanner	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Marcus A. Ross, Esq.
Public Arbitrator, Presiding Chairperson

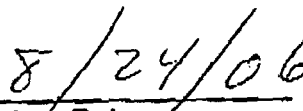
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