

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Arnold Fagg
Karen Fagg

Case Number: 04-02156

Names of the Respondents

Morgan Stanley DW, Inc.
John Posey
John McKeehan

Hearing Site: Tampa, Florida

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

REPRESENTATION OF PARTIES

For Arnold Fagg and Karen Fagg, hereinafter collectively referred to as "Claimants":
Scott L. Silver, Esq., Blum, Silver & Schwartz, LLP, Coral Springs, Florida.

For Morgan Stanley DW, Inc. ("Morgan Stanley"), John Posey ("Posey") and John
McKeehan ("McKeehan"), hereinafter collectively referred to as "Respondents": Frederick
S. Schriels, Esq., Gray Robinson, Tampa, Florida.

CASE INFORMATION

Statement of Claim filed on or about: March 24, 2004.

Claimants signed the Uniform Submission Agreement: March 19, 2004.

Statement of Answer filed by Respondents on or about: June 11, 2004.

Respondent Morgan Stanley signed the Uniform Submission Agreement: July 1, 2004.

Respondent Posey signed the Uniform Submission Agreement: July 20, 2004.

Respondent McKeehan did not file an executed Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: violation of industry rules; breach of contract; breach of fiduciary duty; common law fraud; negligence; and, negligent hiring, retention and supervision of employees. The causes of action relate to the purchase of a variety of Morgan Stanley mutual funds in Claimants' accounts.

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

RELIEF REQUESTED

Claimants requested an award against Respondents for compensatory damages of approximately \$126,000.00, interest at the legal rate from the date of purchase or reasonable market return, rescission, punitive damages, the costs of this proceeding, and for such other relief as is just and

proper.

Respondents requested that the Panel reject Claimants' allegations, dismiss their claims, and recommend the expungement of this action from Respondents McKeehan's and Posey's securities industry records.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent McKeehan did not file with NASD Dispute Resolution an executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code"), and is bound by the determination of the Panel on all issues submitted.

On or about August 24, 2005, Claimants dismissed Respondent McKeehan from this matter, with prejudice.

On or about March 18, 2005, the parties informed NASD Dispute Resolution that they had settled this matter.

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

AWARD

After considering the pleadings, the Joint Motion for Stipulated Award and the record in this matter, the undersigned arbitrators (the "Panel") have decided in full and final resolution of the issues submitted for determination as follows:

Claimants' claims against Respondents are hereby dismissed, in their entirety, with prejudice.

Any and all other claims, including claims for attorneys' fees and costs, are denied.

The Panel recommends the expungement of all references to the above captioned arbitration from Respondents Posey and McKeehan's securities industry registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondents Posey and McKeehan must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$750.00
Hearing process fee	= \$2,750.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were incurred in this matter.

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 arbitration panel has assessed \$150.00 of the three-day cancellation fee to Claimants, jointly and severally, and \$150.00 of the three-day cancellation fee to Respondent Morgan Stanley.

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.

No injunctive relief fees were incurred in this matter.

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:

One (1) Pre-hearing session with the Panel @ \$1,125.00	= \$1,125.00
Pre-hearing conference: August 9, 2004 1 session	

Total Forum Fees	= \$1,125.00
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The Panel has assessed \$562.50 of the forum fees to Claimants, jointly and severally.
The Panel has assessed \$562.50 of the forum fees to Respondent Morgan Stanley.

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.

No administrative costs were incurred in this matter.

FEE SUMMARY

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$300.00
Forum Fees	= \$562.50
Retained Hearing Session Deposit	= \$562.50
Three-Day Cancellation Fee	= \$150.00
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Total Fees	= \$1,575.00
Less payments	= \$1,575.00
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Balance Due NASD Dispute Resolution	= \$0.00

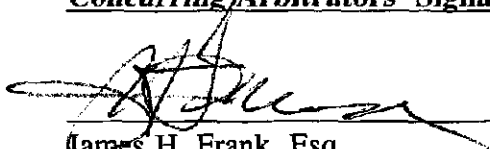
Respondent Morgan Stanley is solely liable for:

Member Fees	= \$5,200.00
Forum Fees	= \$562.50
Three-Day Cancellation Fee	= \$150.00
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Total Fees	= \$5,912.50
Less payments	= \$5,912.50
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Balance Due NASD Dispute Resolution	= \$0.00

ARBITRATION PANEL

James H. Frank, Esq.	-	Public Arbitrator, Presiding Chair
Gary L. Hodge	-	Public Arbitrator
Harris E. Bunkin	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

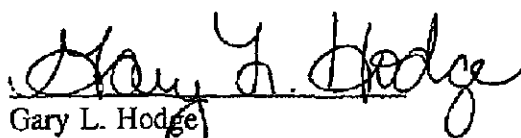

James H. Frank, Esq.
Public Arbitrator, Presiding Chair

MAY 26 2005
Signature Date

NASD Dispute Resolution

Arbitration No. 04-02156

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Gary L. Hodge
Public Arbitrator

05/13/05
Signature Date

Harris E. Bunkin
Non-Public Arbitrator

Signature Date

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

Gary L. Hodge
Public Arbitrator

Signature Date

Harris E. Bunkin
Harris E. Bunkin
Non-Public Arbitrator

5/17/05
Signature Date

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

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Concurring Arbitrators' Signatures

_____/S/_____
James H. Frank, Esq.
Public Arbitrator, Presiding Chair

Signature Date

_____/S/_____
Gary L. Hodge
Public Arbitrator

Signature Date

_____/S/_____
Harris E. Bunkin
Non-Public Arbitrator

Signature Date

June 1, 2005

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