

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Name of Claimant

Gary Paul

vs.

Case Number: 04-03613

Hearing Location: Chicago, Illinois

Names of Respondents

Morgan Stanley DW, Inc. and
Branch Haymans

NATURE OF DISPUTE

Customer vs. Member and Associated Person

REPRESENTATION OF PARTIES

Gary Paul ("**Claimant**") was represented by Erwin Cohn, Esq., Cohn & Cohn, Chicago, Illinois.

Morgan Stanley DW, Inc. ("**MSDW**") and Branch Haymans ("**Haymans**"), hereinafter collectively referred to as "Respondents," were represented by Christine A. Kendrick, Esq., Morgan Stanley DW, Inc., Palo Alto, California.

CASE INFORMATION

The Statement of Claim was filed on or about May 21, 2004. Claimant, Gary Paul, signed the Uniform Submission Agreement on or about April 4, 2004.

The Statement of Answer was filed jointly by Respondents, Morgan Stanley DW, Inc. and Branch Haymans, on or about July 26, 2004. Respondent, Morgan Stanley DW, Inc., signed the Uniform Submission Agreement on or about July 26, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: negligence, unsuitability, unauthorized trading, securities fraud under state and federal law, common law fraud, breach of fiduciary duty, breach of contract, misrepresentation and failure to supervise. The causes of action related to Respondent Haymans alleged mishandling of Claimant's three Morgan Stanley accounts. Claimants asserted that Haymans invested in risky investments, contrary to Claimants instructions, including Class B funds.

Respondents denied each of the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: Claimant failed to state a claim upon which relief can be granted; Claimant knowingly assumed the risk of any alleged harm; Claimant's losses were proximately caused by his own decisions; and the decline in portfolio value were caused in whole or in part by market declines and economic conditions outside the control of Respondents.

RELIEF REQUESTED

Claimant requested an award in the amount of:

| | |
|-----------------------------|--------------|
| Actual/Compensatory Damages | \$150,000.00 |
| Punitive/Exemplary Damages | Unspecified |
| Interest | Unspecified |
| Attorneys' Fees | Unspecified |
| Other Costs | Unspecified |
| Other Monetary Relief | Unspecified |

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs. In addition, Respondent Haymans requested that this matter be expunged from his CRD record.

OTHER ISSUES CONSIDERED & DECIDED

Claimant dismissed Branch Haymans with prejudice on May 24, 2005, prior to settlement or award.

Claimant and Respondents requested that the Panel consider recommending expungement of this matter from Branch Hayman's registration record maintained by the Central Registration Depository.

In support of their joint request to the Panel for a recommendation of expungement and in an effort to satisfy NASD Manual, Conduct Rule 2130, Claimant presented testimony to the Panel, which demonstrated that the claim, allegation, or information set forth in his Statement of Claim was false. This information included testimony that Claimant was an experienced investor who understood the risks inherent in investing in mutual funds and individual equities. Claimant also testified that Mr. Haymans made no unauthorized or discretionary transactions in his accounts and that he had approved all trades.

Respondent, Branch Haymans, did not file with the NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution (the "NASD").

AWARD

Based on the pleadings filed, the evidence produced at the hearing on this matter, the arguments of counsel and the stipulation of the parties set forth at the hearing and set forth herein, the Panel hereby finds:

1. All Claimant's claims against Morgan Stanley DW, Inc., having been withdrawn by Claimant, are dismissed with prejudice;
2. The panel recommends the expungement of all reference to the above captioned arbitration from Respondent, Branch Haymans', registration records maintained by the NASD Central Registration Depository ("CRD") with the understanding that pursuant to NASD Notice to Members 04-16, Respondent, Branch Haymans, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;

Unless NASD specifically waives this requirement in writing, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Pursuant to Rule 2130, the arbitration panel has made the following affirmative finding of fact:

The claim, allegation, or information is false.

3. Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
4. Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee 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. In this matter, the member firm is Morgan Stanley DW Inc.

| | | |
|-------------------------|----|----------|
| Member surcharge | \$ | 1,700.00 |
| Pre-hearing process fee | \$ | 750.00 |
| Hearing process fee | \$ | 2,750.00 |
| Total Member Fees | \$ | 5,200.00 |

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:

May 25-27, 2005, settled by the parties = \$ 300.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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:

| | | | | |
|---|---------|--------|----|----------|
| <u>1</u> Pre-hearing session with a Single Arbitrator | x | 450.00 | \$ | 450.00 |
| March 21, 2005 | session | | | |
| Total Forum Fees | | | \$ | |
| <u>2</u> Pre-hearing sessions with Panel | x | 1,125 | \$ | 2,250.00 |
| October 25, 2004 | session | | | |
| November 3, 2005 | | | | |
| Total Forum Fees | | | \$ | 3,825.00 |
| <u>2</u> Hearing sessions with Panel | x | 1,125 | \$ | 2,250.00 |
| May 24, 2005 | session | | | |

Total Forum Fees \$ 4,950.00

The Arbitration Panel has assessed \$2,475.00 of the forum fees to Gary Paul.

The Arbitration Panel has assessed \$2,475.00 of the forum fees jointly and severally to Morgan Stanley DW, Inc. and Branch Haymans.

Fee Summary

Claimant, Gary Paul, shall be liable for:

| | | |
|-------------------------------------|------|----------|
| Initial Filing Fee | = \$ | 300.00 |
| Three-Day Cancellation Fee | = \$ | 150.00 |
| <u>Forum Fees</u> | = \$ | 2,475.00 |
| Total Fees | = \$ | 2,925.00 |
| <u>Less payments</u> | = \$ | 1,425.00 |
| Balance Due NASD Dispute Resolution | = \$ | 1,500.00 |

Respondent, Morgan Stanley DW, Inc. shall be and hereby is liable for:

| | | |
|-------------------------------------|------|----------|
| <u>Member Fees</u> | = \$ | 5,200.00 |
| Total Fees | = \$ | 5,200.00 |
| <u>Less payments</u> | = \$ | 5,200.00 |
| Balance Due NASD Dispute Resolution | = \$ | 0.00 |

Respondents, Morgan Stanley DW, Inc. and Branch Haymans, are jointly and severally liable for:

| | | |
|-------------------------------------|------|----------|
| Three-Day Cancellation Fee | = \$ | 150.00 |
| <u>Forum Fees</u> | = \$ | 2,475.00 |
| Total Fees | = \$ | 2,625.00 |
| <u>Less payments</u> | = \$ | 0.00 |
| Balance Due NASD Dispute Resolution | = \$ | 2,625.00 |

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

ARBITRATION PANEL

Nicolaus Bruns, Jr. - Public Arbitrator, Presiding Chair
Alan E. Case, Esq. - Public Arbitrator
Ronald A. Sirt - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Nicholaus Bruns, Jr.
Nicolaus Bruns, Jr.
Public Arbitrator, Presiding Chair

December 26, 2005
Signature Date

/s/ Alan E. Case, Esq.
Alan E. Case, Esq.
Public Arbitrator

December 29, 2005
Signature Date

/s/ Ronald A. Sirt
Ronald A. Sirt
Non-Public Arbitrator

December 27, 2005
Signature Date

December 29, 2005
Date of Service (For NASD office use only)

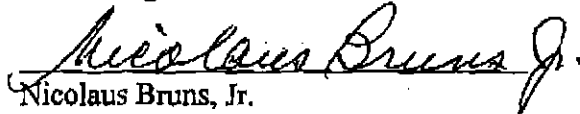
ARBITRATION PANEL

Nicolaus Bruns, Jr. - Public Arbitrator, Presiding Chair

Alan E. Case, Esq. - Public Arbitrator

Ronald A. Sirt - Non-Public Arbitrator

Concurring Arbitrators:



Nicolaus Bruns, Jr.

Public Arbitrator, Presiding Chair

12/26/05
Signature Date

Alan E. Case, Esq.

Public Arbitrator

Signature Date

Ronald A. Sirt

Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

NASD Dispute Resolution, Inc.
Arbitration No. 04-03613
Stipulated Award Page 6 of 6

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Ronald A. Sirt - Non-Public Arbitrator

Concurring Arbitrators:

Nicolaus Bruns, Jr.
Public Arbitrator, Presiding Chair



Alan E. Case, Esq.
Public Arbitrator

Signature Date

12/29/05

Signature Date

Ronald A. Sirt
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Nicolaus Bruns, Jr.
Public Arbitrator, Presiding Chair

Signature Date

Alan E. Case, Esq.
Public Arbitrator

Signature Date

Ronald A. Sirt
Non-Public Arbitrator

12/27/05
Signature Date

Date of Service (For NASD office use only)