

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Patsy D. Deveau

and

Case Number: 04-04041
Hearing Site: Houston, Texas

Names of Respondents

Morgan Stanley DW, Inc., and
Constance C. Carpeno-Paddock

NATURE OF DISPUTE

Customer v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Patsy D. Deveau ("**Claimant**") was represented by Donald M. Feferman, Esq., Donald M. Feferman, PC, Corpus Christi, Texas

Morgan Stanley DW, Inc. ("**MSDW**") and Constance C. Carpeno-Paddock ("**Carpeno-Paddock**"), hereinafter collectively referred to as "Respondents," were represented by John J. Reilly, Esq., Holland & Knight, LLP, New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about June 8, 2004. The Submission Agreement of Claimant, Patsy D. Deveau, was signed, but was not dated.

The Joint Statement of Answer was filed by Respondents, Morgan Stanley DW, Inc. and Constance C. Carpeno-Paddock, on or about July 28, 2004. The Submission Agreement of Respondent, Constance C. Carpeno-Paddock, was signed on or about August 25, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract, negligence, failure to supervise, breach of fiduciary duty, misrepresentation and suitability. The causes of action related to the recommendation and purchase of various unspecified securities. Claimant alleged that Respondents placed her with a money manager, Groupama, whose investment style was appropriate only for investors whose investment goal was classified

as "aggressive equity." Claimant alleged that this investment strategy went against her investment objective. In summary, Claimant alleged that Respondents made false representations, placed her money with an unsuitable money manager, and then lied to her about her ability to cut her losses.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim failed to state a claim upon which relief may be granted; any and all duties owed by Respondents to Claimant were fully and appropriately performed; neither Respondents nor their agents or employees misrepresented or omitted material facts in their dealings with Claimants; Claimant ratified all of the securities transactions at issue; and Claimant failed to mitigate Claimant's alleged damages.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory	Unspecified
Punitive/Exemplary Damages	Unspecified
Attorneys' Fees	Unspecified
Interest	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 and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Respondent, Morgan Stanley DW, Inc., 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 NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondents, Morgan Stanley DW, Inc. and Constance C. Carpeno-Paddock, are jointly and severally liable for and shall pay to Claimant, Patsy D. Deveau, the sum of \$9,384.50 in compensatory damages;
- 2.) Respondents, Morgan Stanley DW, Inc. and Constance C. Carpeno-Paddock, are jointly and severally liable for and shall pay to Claimant, Patsy D. Deveau, interest at the rate of 6% per annum accruing from and including May 4, 2005 through and including the date the Award is paid in full pursuant to Texas statute;
- 3.) Respondents, Morgan Stanley DW, Inc. and Constance C. Carpeno-Paddock, are jointly and severally liable for and shall pay to Claimant, Patsy D. Deveau, the sum of \$3,600.00 in attorneys' fees pursuant to Texas statute and the contract;
- 4.) Respondents, Morgan Stanley DW, Inc. and Constance C. Carpeno-Paddock, are jointly and severally liable for and shall pay to Claimant, Patsy D. Deveau, the sum of \$200.00 in costs;
- 5.) Any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice.

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 = \$ 250.00

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	= \$ 1,500.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,200.00

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:

One (1) Pre-hearing session with Panel x \$1,000.00	= \$ 1,000.00
Pre-hearing conference: October 1, 2004 1 session	
Four (4) Hearing sessions x \$1,000.00	= \$ 4,000.00
Hearing Dates: May 3, 2005 2 sessions	
May 4, 2005 2 sessions	
Total Forum Fees	= \$ 5,000.00

The Arbitration Panel has assessed \$2,500.00 of the forum fees to Patsy D. Deveau.

The Arbitration Panel has assessed \$2,500.00 of the forum fees jointly and severally to Morgan Stanley DW, Inc. and Constance C. Carpeno-Paddock.

Fee Summary

Claimant, Patsy D. Deveau, is liable for:

Initial Filing Fee	= \$ 250.00
Forum Fees	= \$ 2,500.00
Total Fees	= \$ 2,750.00
Less payments	= \$ 1,250.00
Balance Due NASD Dispute Resolution	= \$ 1,500.00

Respondent, Morgan Stanley DW, Inc., is liable for:

Member Fees	= \$ 4,450.00
Total Fees	= \$ 4,450.00
Less payments	= \$ 4,950.00
Refund Due to Morgan Stanley DW, Inc.	= \$ 500.00

Respondents, Morgan Stanley DW, Inc. and Constance C. Carpeno-Paddock, are jointly and severally liable for:

Forum Fees	= \$ 2,500.00
Total Fees	= \$ 2,500.00
Less payments	= \$ 2,500.00

Balance Due NASD Dispute Resolution

= \$ 0.00

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

ARBITRATION PANEL

Philip I. McConnell, Esq. - Public Arbitrator, Presiding Chair
L.E. Machin - Public Arbitrator
Carol Ann Stapper - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Philip I. McConnell, Esq.
Philip I. McConnell, Esq.
Public Arbitrator, Presiding Chair

May 12, 2005
Signature Date

/s/ L.E. Machin
L.E. Machin
Public Arbitrator

May 13, 2005
Signature Date

/s/ Carol Ann Stapper
Carol Ann Stapper
Non-Public Arbitrator

May 12, 2005
Signature Date

May 12, 2005
Date of Service (For NASD office use only)

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= \$ 0.00

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Public Arbitrator, Presiding Chair

Signature Date

L.E. Machin
Public Arbitrator

Signature Date



Carol Ann Stepper
Non-Public Arbitrator

5-11-05

Signature Date

Date of Service (For NASD office use only)