
STIPULATED AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

The Estate of Charles DeVeau

and

Case Number: 04-04863

Names of Respondents

Morgan Stanley DW, Inc.
and Constance Carpeno Paddock.

Hearing Site: Houston, Texas

NATURE OF DISPUTE

Customer v. Member and Associated Person

REPRESENTATION OF PARTIES

The Estate of Charles DeVeau ("**Claimant**") was represented by Donald M. Feferman, Esq., Corpus Christi, Texas.

Morgan Stanley DW, Inc. ("**Morgan Stanley**") and Constance Carpeno Paddock ("**Carpeno**") were represented by John J. Reilly, Esq., Holland & Knight LLP, New York, New York. On or about October 15, 2005, Respondent Constance Carpeno Paddock engaged Craig H. Clendenin, Esq., of the Ballard Law Firm, Houston, Texas, to represent her.

CASE INFORMATION

The Statement of Claim was filed on or about July 7, 2004. Charles DeVeau signed the Uniform Submission Agreement on or about June 7, 2004. Patsy DeVeau, executrix of the Estate of Charles DeVeau, signed the Uniform Submission Agreement on or about August 10, 2004.

The Statement of Answer was filed jointly by Respondents, Morgan Stanley and Carpeno, on or about September 30, 2004. Morgan Stanley signed the Uniform Submission Agreement on or about November 8, 2004. Carpeno signed the Uniform Submission Agreement on or about November 9, 2004. Respondents' Amended Answer was filed on or about October 11, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: fraud, violation of the Texas Securities Act, violation of the Texas Deceptive Trade Practices Act, breach of fiduciary duty, failure to supervise, breach of contract, and negligence in rendering brokerage and financial services. The causes of action related to various transactions in Claimant's accounts at Morgan Stanley.

Unless specifically admitted in their Amended Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: (i) to the extent Claimant incurred any damages, any such damages were attributable to superseding and intervening causes and were not caused by the actions of Respondents or their agents or employees; (ii) adequate supervisory procedures were in place and were reasonably and diligently implemented; (iii) estoppel; (iv) ratification; (v) Respondents at all times fully and appropriately performed their duties with respect to Claimant's accounts; (vi) Respondents did not handle Claimant's account negligently; (vii); transactions were suitable and consistent with Claimant's investment objectives and financial goals; (viii) transactions were effectuated with Claimant's full knowledge and consent; (ix) failure to mitigate; (x) Respondents never misrepresented or omitted any material facts; (xi) Respondents did not act with any intent to defraud Claimant or with willful disregard of Claimant's rights; and (xii) acts and omissions of Claimant caused the alleged damages, if any.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	Unspecified
Punitive/Exemplary Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary	Unspecified

Respondents requested that the claims asserted against them be dismissed in all respects and that they be awarded costs and expenses related to the arbitration. Respondents further request the expungement of Claimant's complaint from the Central Registration Depository ("CRD") record of Constance Carpeno Paddock.

OTHER ISSUES CONSIDERED AND DECIDED

On or about October 31, 2005, Claimant and Respondents reached an agreement to settle all claims asserted in the arbitration proceeding.

An Unopposed Motion to Enter Stipulated Award and Request for Expungement was filed on or about November 3, 2005.

In light of the settlement of the claims, Claimant and Respondents jointly filed a Motion to Enter a Stipulated Award wherein the Parties agreed that all claims in this case be dismissed with prejudice and further requested the expungement of Claimant's complaint from the CRD record of Constance Carpeno Paddock on or about November 3, 2005.

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 remains on file with the NASD.

AWARD

Pursuant to the Parties' agreement and after considering the Parties' submissions and representations, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. The Panel grants the Parties' Unopposed Motion to Enter Stipulated Award. As stipulated by the Parties pursuant to their settlement agreement, all claims in this case are dismissed with prejudice.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent, Constance Carpeno Paddock's, registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 04-16, Respondent, Constance Carpeno Paddock, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;

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

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

The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.

3. Other than the NASD fees specified below, the Parties shall bear their own costs and expenses, including attorneys' fees, incurred in this matter; and
4. 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 the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 250

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, Morgan Stanley DW, Inc. is a member firm and a party in these proceedings.

Member surcharge = \$ 1,500
Pre-hearing processing fee = \$ 750

Hearing processing fee = \$ 2,200

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

August 17-19, 2005; adjournment requested by Morgan Stanley = \$ 1,000

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:

Three (3) Pre-hearing sessions with Panel x \$1,000.00 = \$ 3,000.00

Pre-hearing conferences:	December 17, 2005	1 session
	June 16, 2005	1 session
	November 10, 2005	1 session

Total Forum Fees = \$ 3,000.00

The Panel has assessed \$1,000.00 of the forum fees to Claimant.

The Panel has assessed \$1,000.00 of the forum fees to Respondent, Morgan Stanley.

The Panel has assessed \$1,000.00 of the forum fees jointly and severally to Morgan Stanley and Carpeno.

Fee Summary

Claimant, the Estate of Charles DeVeau, is liable for:

Initial Filing Fees	= \$ 250.00
Forum Fees	= \$ 1,000.00
Total Fees	= \$ 1,250.00
Less payments	= \$ 1,250.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Morgan Stanley, is liable for:

Member Fees	= \$ 4,450.00
Adjournment Fees	= \$ 1,000.00
Forum Fees	= \$ 1,000.00
Total Fees	= \$ 6,450.00
Less payments	= \$ 5,450.00
Balance Due NASD Dispute Resolution	= \$ 1,000.00

Respondents, Morgan Stanley and Constance Carpeno Paddock, are jointly and severally liable for:

Forum Fees	= \$ 1,000.00
Total Fees	= \$ 1,000.00
Less Payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 1,000.00

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

ARBITRATION PANEL

Thomas A. Martin – Public Arbitrator, Presiding Chairperson
Larry J. Craddock – Public Arbitrator
Ronald R. Simpson – Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/ Thomas A. Martin
Thomas A. Martin
Public Arbitrator, Presiding Chairperson

December 30, 2005
Signature Date

/s/ Larry J. Craddock
Larry J. Craddock
Public Arbitrator

December 30, 2005
Signature Date

/s/ Ronald R. Simpson
Ronald R. Simpson
Non-Public Arbitrator

December 30, 2005
Signature Date

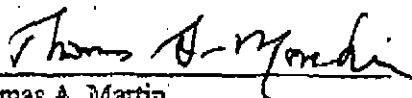
December 30, 2005
Date of Service (For NASD Dispute Resolution use only)

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Public Arbitrator, Presiding Chairperson

12-30-05

Signature Date

Larry J. Craddock
Public Arbitrator

Signature Date

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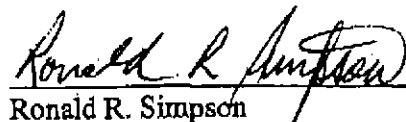
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Larry J. Craddock
Public Arbitrator

Signature Date



Ronald R. Simpson
Non-Public Arbitrator

12/30/2005

Signature Date

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