

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Keith McNeal and Janette McNeal

and

Case Number: 04-06633

Hearing Site: Oklahoma City, Oklahoma

Names of Respondents

Morgan Stanley DW, Inc. and
John Bryan Johnson, III

NATURE OF DISPUTE

Customers v. Member and Associated Person

REPRESENTATION OF PARTIES

Keith McNeal and Janette McNeal ("Claimants") were represented by Vincent J. Imbesi, Esq., Avelino & Associates, P.C., New York, New York.

Morgan Stanley DW, Inc. ("Morgan Stanley") and John Bryan Johnson, III ("Bryan") hereinafter collectively referred to as "Respondents," were represented by Wendy R. Robinson, Esq., Morgan Stanley DW, Inc., San Francisco, California.

CASE INFORMATION

The Statement of Claim was filed on or about September 20, 2004. The Submission Agreements of Claimants were signed on or about June 15, 2004.

The Statement of Answer was filed jointly by Respondents, Morgan Stanley and Johnson, on or about December 9, 2004. The Submission Agreement of Respondent, Morgan Stanley, was signed on or about November 26, 2004. The Submission Agreement of Respondent, Johnson, was signed on or about November 29, 2004.

Respondents' Motion for Summary Dismissal was filed on or about June 10, 2005. Claimants' Response to Respondents' Motion for Summary Judgment was filed on or about June 13, 2005. Respondents' Reply Brief in Support of Motion for Summary Dismissal was filed on or about June 13, 2005. Claimants' Amended Response to Respondents' Motion for Summary Dismissal was filed on or about June 17, 2005.

CASE SUMMARY

Claimants asserted the following causes of action: fraud; failure to supervise; unsuitability; fiduciary duty and breach of the implied covenant of good faith and fair dealing; negligent misrepresentations; fraudulent concealment; fraudulent misrepresentation; professional negligence; violation of Section 10(b) and 10(b)(5) of the Securities and Exchange Act of 1934; violation of Section 15 of the Securities and Exchange Act of 1934; violation of Section 20 of the Securities and Exchange Act of 1934 and under the doctrine of Respondeat Superior and material omission of fact. The causes of action are related to the recommendation and purchase of the Williams Co. stock. Claimants alleged the Respondents failed to diversify their accounts by purchasing speculative stocks, which led to substantial 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 claim must be dismissed because it was filed after the expiration of any applicable statute of limitations; and the claim must also be dismissed due to Claimant's failure to mitigate, and Claimant's knowing and voluntary assumption of the risk.

RELIEF REQUESTED

Claimants requested an award in the amount of \$2,500,000.00 in compensatory damages, interest, costs and attorneys' fees and for such other relief as the arbitrators deemed just and equitable.

Respondents requested that the claims asserted against them be denied in their entirety and that the panel recommend the expungement of Mr. Johnson's regulatory record, and their costs and expenses, and for such other and further relief as the panel deemed appropriate.

OTHER ISSUES CONSIDERED & DECIDED

On or about May 9, 2005, Claimant dismissed Respondent Johnson from the case with prejudice.

On or about June 22, 2005, the panel entered an order denying Respondents' Motion for Summary Dismissal for Failure to Satisfy Statutes of Limitation.

On or about June 27, 2005, the panel entered an order denying Respondents' Request for Clarification of Reconsideration of its previous order.

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, having heard testimony of witnesses, reviewed all pleadings, examined documents and exhibits filed herein, find by a preponderance of the evidence the following:

- 1) Claimants amended their claim and dismissed Respondent, John Bryan Johnson;
- 2) That John Bryan Johnson on numerous occasions over a period of several years, encouraged Claimants to diversify their portfolios with suitable recommendations;
- 3) That John Bryan Johnson did not engage in fraud, fraudulent misrepresentations, fraudulent concealment or any violations of Federal Securities law as set forth in the original claim and subsequently dismissed by Claimants; and
- 4) John Bryan Johnson did not breach a fiduciary duty, breach of implied covenant of good faith and fair dealings; engage in negligent misrepresentations, professional negligence or breach of contract; or material omission of fact as set forth by Claimants in their amended claim that additionally dismissed John Bryan Johnson as a Respondent.

Pursuant to NASD Rule 2130(b)(1)(a), the Panel made affirmative findings of fact that the claim(s)/allegation(s)/information was clearly erroneous.

Therefore, the Arbitration Panel, in accordance with NASD Rule 2130(b)(1)(a) finds that the expungement request be granted; that NASD waive the requirement to be named as an additional party when John Bryan Johnson, dismissed Respondent, petitions a court for expungement relief of the Central Registration Depository entry that resulted from the initial filing of the claim in the above styled arbitration.

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) Claimants' claims, each and all, are hereby denied and dismissed with prejudice;
- 2) Respondent, Morgan Stanley DW, Inc., is liable for and shall pay to Claimants, Keith and Janette McNeal, the sum of \$500.00 in costs;
- 3) The panel recommends the expungement of all reference to the above captioned arbitration from Respondent, John Bryan Johnson's, registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent, John Bryan Johnson, must obtain confirmation from a court of Competent jurisdiction before the CRD will execute the expungement Directive; and
- 4) Any relief not specifically enumerated, including punitive damages and attorney 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 = \$ 500.00

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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is Morgan Stanley DW, Inc.

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

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:

Three (3) Pre-hearing sessions with Panel x \$1,200.00	= \$	3,600.00
Pre-hearing conferences: March 17, 2005	1 session	
June 3, 2005	1 session	
June 27, 2005	1 session	
Ten (10) Hearing sessions x \$1,200.00	= \$	12,000.00
Hearing Dates: July 11, 2005	2 sessions	
July 13, 2005	3 sessions	
July 14, 2005	3 sessions	
July 15, 2005	2 sessions	
Total Forum Fees	= \$	15,600.00

The Arbitration Panel has assessed \$15,600.00 of the forum fees to Morgan Stanley DW, Inc.

Fee Summary

Claimants, Keith and Janette McNeal, are jointly and severally liable for:

Initial Filing Fee	= \$	500.00
Total Fees	= \$	500.00
Less payments	= \$	1,700.00
Refund Due to Claimants	= \$	1,200.00

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

Member Fees	= \$	8,550.00
Forum Fees	= \$	15,600.00
Total Fees	= \$	24,150.00
Less payments	= \$	8,550.00
Balance Due NASD Dispute Resolution	= \$	15,600.00

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

ARBITRATION PANEL

Jan Preece Gaddis, Esq. - Public Arbitrator, Presiding Chair
Edwin E. O'Brien - Public Arbitrator
Thomas J. Cotrone, FC - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Jan Preece Gaddis, Esq.
Jan Preece Gaddis, Esq.
Public Arbitrator, Presiding Chair

July 22, 2005
Signature Date

/s/ Edwin E. O'Brien
Edwin E. O'Brien
Public Arbitrator

July 21, 2005
Signature Date

/s/ Thomas J. Cotrone, FC
Thomas J. Cotrone, FC
Non-Public Arbitrator

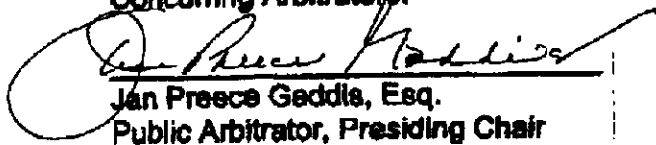
July 22, 2005
Signature Date

July 22, 2005
Date of Service (For NASD office use only)

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Thomas J. Cotrone, FC
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7/22/05
Signature Date

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