

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Teresa Floratos, Claimant v. Morgan Stanley DW Inc. and William Saltz, Respondents

Case Number: 04-07098

Hearing Site: San Francisco, California

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

REPRESENTATION OF PARTIES

For Claimant:

Daniel D. White, Esq.
Attorney at Law
Newport Beach, California

For Respondents:

Mauricio S. Beugelmans, Esq.
Morgan Stanley Law Division
San Francisco, California

CASE INFORMATION

Statement of Claim dated: October 22, 2004

Claimant's Uniform Submission Agreement signed: September 26, 2004

Joint Statement of Answer filed by Respondents: December 30, 2004

Respondent Morgan Stanley DW Inc.'s Uniform Submission Agreement signed: December 9, 2004

Respondent William Saltz' Uniform Submission Agreement signed: November 29, 2004

CASE SUMMARY

Claimant alleged misrepresentation, omission of facts, breach of fiduciary duty, negligence, and other causes of action. Claimant's allegations involved investments in Morgan Stanley mutual funds including, but not limited to, Technology Fund B.

Respondents denied the allegations of wrongdoing set forth in Claimant's Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested \$200,000.00 in compensatory damages, \$300,000.00 in punitive damages, pre- and post-judgment interest and costs, including attorney's fees.

Respondents requested dismissal of Claimant's Statement of Claim in its entirety, expungement of all references to this matter from Respondent William Saltz's registration records maintained by the NASD Central Registration Depository ("CRD"), and costs.

OTHER ISSUES CONSIDERED AND DECIDED

On December 15, 2004, Claimant and Claimant's counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 8, 2004, Respondent Morgan Stanley DW Inc.'s counsel signed a Waiver Agreement on Respondent Morgan Stanley DW Inc.'s behalf expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

Pursuant to the Code of Arbitration Procedure IM-10100, the waiver of the Claimant shall constitute and operate as a waiver for all member firms and associated persons (including terminated or otherwise inactive member firms or associated persons) against whom the Claim has been filed.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

- 1) Respondents are jointly and severally liable to and shall pay Claimant the sum of \$123,000.00 in compensatory damages.
- 2) The parties shall bear their respective costs, including attorney's fees.
- 3) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure ("Code"), the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 300.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Morgan Stanley DW Inc. is a party and the following fees are assessed:

Member Surcharge	= \$1,700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$2,750.00</u>
Total Member Fees	= \$5,200.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair or the parties and the Panel. The following fees are assessed:

(1) Pre-hearing conference session with a single arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: July 25, 2005 1 session	
(1) Pre-hearing conference session with the Panel @ \$1,125.00 /session	= \$1,125.00
Pre-hearing conference: March 2, 2005 1 session	
(4) Hearing sessions @ \$1,125.00/session	= \$4,500.00
Hearings: August 30, 2005 2 sessions	
August 31, 2005 2 sessions	
Total Forum Fees	= \$6,075.00

1. The Panel assessed \$3,037.50 of the forum fees to Claimant.
2. The Panel assessed \$3,037.50 of the forum fees jointly and severally to Respondents.

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 3,037.50
Total Fees	= \$ 3,337.50
Less payments	= \$(1,425.00)
Balance Due NASD Dispute Resolution	= \$ 1,912.50

2. Respondent Morgan Stanley DW Inc. is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
Less payments	= \$(5,200.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents Morgan Stanley DW Inc. and William Saltz are charged jointly and severally with the following fees and costs:

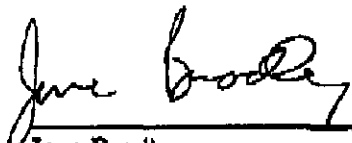
Forum Fees	= \$ 3,037.50
Less payments by Morgan Stanley DW Inc.	= \$(3,500.00)
Refund Due to Morgan Stanley DW Inc.	= \$ (462.50)

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

ARBITRATION PANEL

Jane Bradley	-	Public Arbitrator, Presiding Chair
Jeffrey M. Allen	-	Public Arbitrator
Eva L. Levine	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Jane Bradley
Chair, Public Arbitrator

9-1-05

Signature Date

Jeffrey M. Allen
Public Arbitrator

Signature Date

Eva L. Levine
Non-Public Arbitrator

Signature Date

9/1/05

Date of Service

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