

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimants

Bernard Q. and Denise M. Madison,
Ralph E. and Lynn M. Vanderloop,
David J. and Jean A. Renard,
David L. and Nancy J. Varga, and
Larry J. and Karen Lufter

and

Case Number: 05-00514
Hearing Site: Milwaukee, Wisconsin

Respondent

Merrill Lynch, Pierce, Fenner & Smith, Inc.

NATURE OF DISPUTE

Customers v. Member

REPRESENTATION OF PARTIES

Bernard Q. and Denise M. Madison ("Madisons"), Ralph E. and Lynn M. Vanderloop ("Vanderloops"), David J. and Jean A. Renard ("Renards"), David L. and Nancy J. Varga ("Vargas"), and Larry J. and Karen Lufter ("Lufters"), hereinafter collectively referred to as "Claimants," were represented by Nicholas P. Iavarone, Esq. and Tricia L. Legittino, Esq., Simmons Cooper, LLC, East Alton, Illinois.

Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Respondent") was represented by Charles J. Risch, Esq., Lawrence, Kamin, Saunders & Uhlenhop, LLC, Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about January 31, 2005. The Submission Agreement of the Madisons was signed on or about January 18, 2005. The Submission Agreement of the Vanderloops was signed on or about January 14, 2005. The Submission Agreement of the Renards was signed on or about January 14, 2005. The Submission Agreement of the Vargas was signed on or about January 19, 2005. The Submission Agreement of the Lufters was signed on or about January 18, 2005.

The Statement of Answer and Motion to Strike Portions of Claimants' Statement of Claim was filed by Respondent on or about May 9, 2005. The Submission Agreement of Respondent was signed on or about March 10, 2005.

Claimants filed an Objection to and Response to Respondent's Motion to Strike Portions of the Statement of Claim on or about May 25, 2005.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; breach of contract; violation of the Securities Exchange Act; violation of the Wisconsin Uniform Securities Act; violation of the Wisconsin Consumer Protection Act; negligence; and infliction of emotional distress. The causes of action related to the Claimants' allegation that Respondent, through its registered representative, Ray Krusic, concentrated their retirement accounts in aggressive growth equities and mutual funds including: InfoNet Services Corp., Cisco Systems, Lucent, Oracle Corp., the Munder Net Net fund, the Munder Future Technology fund, the Select Ten Defined Asset fund, and the MFS Emerging Growth fund. Claimants further alleged that these investments were unsuitable for Claimants and in contravention of their financial objectives.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants' claims for relief are barred by the applicable statutes of limitations and repose and by NASD Rule 10304; Claimants failed to mitigate their damages; Claimants ratified all trades in their accounts; Respondent justifiably relied upon the Claimants' directions to execute the trades in their accounts; the Claimants acted inconsistently with an assertion of and, thereby, knowingly relinquished and waived their rights to complain about the investments in their accounts; and the Statement of Claim failed to state any claim upon which relief can be granted.

RELIEF REQUESTED

Claimants requested:

Claimants	Compensatory Damages	Punitive Damages	Interest	Attorneys' Fees	Costs
The Madisons	\$1,265,935.00	Unspecified	Unspecified	Unspecified	Unspecified
The Vanderloops	\$1,263,848.00	Unspecified	Unspecified	Unspecified	Unspecified
The Renards	\$1,153,668.00	Unspecified	Unspecified	Unspecified	Unspecified
The Vargas	\$1,288,779.00	Unspecified	Unspecified	Unspecified	Unspecified
The Lufters	\$1,306,342.00	Unspecified	Unspecified	Unspecified	Unspecified
TOTALS	\$6,278,572.00				

Respondent requested that the claims asserted against it be dismissed in their entirety and that it be awarded other relief as the Panel deemed appropriate.

OTHER ISSUES CONSIDERED & DECIDED

On or about February 23, 2006, the Vanderloops dismissed their claims against Respondent with prejudice.

At the hearing, Respondent orally moved for dismissal of the claims based on the statutes of limitation and repose. The Panel denied the motion.

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 denied and dismissed with prejudice;
- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 3.) 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 or collect the non-refundable filing fee for each claim:

Initial claim filing fee	= \$	600.00
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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 Merrill Lynch, Pierce, Fenner & Smith, Inc.

Member surcharge	= \$	3,350.00
Pre-hearing process fee	= \$	750.00
Hearing process fee	= \$	5,500.00

Forum Fees and Assessments

The Panel has assessed 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
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Pre-hearing conferences:	July 26, 2005	1 session
	January 11, 2006	1 session
	May 15, 2006	1 session

Thirty-Four (34) Hearing sessions x \$1,200.00	= \$	40,800.00
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Hearing Dates:	March 20, 2006	2 sessions
	March 21, 2006	2 sessions
	March 22, 2006	2 sessions
	March 23, 2006	2 sessions
	March 24, 2006	2 sessions
	March 27, 2006	2 sessions
	March 28, 2006	2 sessions
	March 29, 2006	2 sessions
	March 30, 2006	2 sessions
	March 31, 2006	2 sessions
	August 17, 2006	2 sessions
	August 18, 2006	2 sessions
	August 21, 2006	2 sessions
	August 22, 2006	2 sessions
	August 23, 2006	2 sessions
	August 24, 2006	2 sessions
	August 25, 2006	2 sessions

Total Forum Fees	= \$	44,400.00
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The Panel has assessed \$44,400.00 of the forum fees jointly and severally to Claimants, Bernard Q. and Denise M. Madison, David J. and Jean A. Renard, David L. and Nancy J. Varga, and Larry J. and Karen Lufter.

Fee Summary

Claimants, Bernard Q. and Denise M. Madison, Ralph E. and Lynn M. Vanderloop, David J. and Jean A. Renard, David L. and Nancy J. Varga, and Larry J. and Karen Lufter, are jointly and severally liable for:

Initial Filing Fee	= \$	600.00
Total Fees	= \$	600.00
Less payments	= \$	600.00
Balance Due NASD Dispute Resolution	= \$	0.00

Claimants, Bernard Q. and Denise M. Madison, David J. and Jean A. Renard, David L. and Nancy J. Varga, and Larry J. and Karen Lufter, are jointly and severally liable for:

Forum Fees	= \$	44,400.00
Total Fees	= \$	44,400.00
Less payments	= \$	1,200.00
Balance Due NASD Dispute Resolution	= \$	43,200.00

Respondent, Merrill, Lynch, Pierce, Fenner & Smith, Inc., is liable for:

Member Fees	= \$	9,600.00
Total Fees	= \$	9,600.00
Less payments	= \$	9,600.00
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.

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ARBITRATION PANEL

James P. O'Donnell - Public Arbitrator, Presiding Chair
Donald E. Sorenson, Ph.D - Public Arbitrator
Roy Clyde George - Non-Public Arbitrator

Concurring Arbitrators:

/s/ James P. O'Donnell
James P. O'Donnell
Public Arbitrator, Presiding Chair

September 1, 2006
Signature Date

/s/ Donald E. Sorenson, Ph.D
Donald E. Sorenson, Ph.D
Public Arbitrator

September 5, 2006
Signature Date

/s/ Roy Clyde George
Roy Clyde George
Non-Public Arbitrator

September 1, 2006
Signature Date

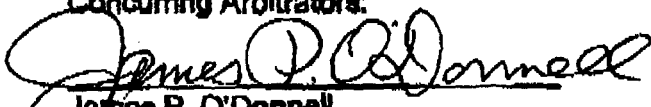
September 6, 2006
Date of Service (For NASD office use only)

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Arbitration No. 08-00614
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ARBITRATION PANEL

James P. O'Donnell - Public Arbitrator, Presiding Chair
Donald E. Sorenson, Ph.D - Public Arbitrator
Roy Clyde George - Non-Public Arbitrator

Concurring Arbitrators:


James P. O'Donnell
Public Arbitrator, Presiding Chair

9/1/06
Signature Date

Donald E. Sorenson, Ph.D
Public Arbitrator

Signature Date

Roy Clyde George
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

NASD Dispute Resolution
Arbitration No. 03-02514
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ARBITRATION PANEL

James P. O'Donnell - Public Arbitrator, Presiding Chair
Donald E. Sorenson, Ph.D - Public Arbitrator
Roy Clyde George - Non-Public Arbitrator

Concurring Arbitrators:

James P. O'Donnell
Public Arbitrator, Presiding Chair

Signature Date

Donald E. Sorenson, Ph.D
Public Arbitrator

Signature Date



Roy Clyde George
Non-Public Arbitrator

9/01/06

Signature Date

Date of Service (For NASD office use only)

NASD Dispute Resolution
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ARBITRATION PANEL

James P. O'Donnell - Public Arbitrator, Presiding Chair
Donald E. Sorenson, Ph.D - Public Arbitrator
Roy Clyde George - Non-Public Arbitrator

Concurring Arbitrators:

James P. O'Donnell
Public Arbitrator, Presiding Chair

Signature Date


Donald E. Sorenson, Ph.D
Public Arbitrator

9/5/2006
Signature Date

Roy Clyde George
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)