

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

George Sardeson, Florence Taylor, Randy Taylor, Joe Conroy, and Minerva Birchard, Claimants
v. Morgan Stanley DW Inc., Respondent

Case Number: 05-00872

Hearing Site: Los Angeles, California

Nature of the Dispute: Customers v. Member

REPRESENTATION OF PARTIES

For Claimants:

Paul W. Thomas, Esq.
Law Offices of Paul W. Thomas & Associates
Carlsbad, California

For Respondent:

Ronald E. Wood, Esq.
The Wood Group
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: February 16, 2005

Claimant George Sardeson's Uniform Submission Agreement signed: February 9, 2005

Claimant Florence Taylor's Uniform Submission Agreement signed: February 15, 2004

Claimant Randy Taylor's Uniform Submission Agreement signed: February 15, 2004

Claimant Joe Conroy's Uniform Submission Agreement signed: February 12, 2005

Claimant Minerva Birchard's Uniform Submission Agreement signed: February 7, 2005

Statement of Answer and Motion to Dismiss filed by Respondent: April 13, 2005

Respondent's Uniform Submission Agreement signed: April 13, 2005

CASE SUMMARY

Claimants alleged unsuitability, negligence, misrepresentation, breach of fiduciary duty, failure to supervise, fraud, and violations of NASD rules. Claimants' claims involved various securities including class B shares in Morgan Stanley proprietary mutual funds, variable annuities purchased for IRAs, recommending use of margin, and managed futures.

Respondent denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

RELIEF REQUESTED

Claimants requested \$500,000.00 in compensatory damages, unspecified punitive damages, pre-judgment interest, and costs, including attorney's fees.

Respondent requested dismissal of the Claimants' Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

On March 16, 2005, Claimants and Claimants' 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.

Pursuant to the Code of Arbitration Procedure IM-10100, the waiver[s] of the Claimant[s] 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.

On April 18, 2006, at the conclusion of Claimants' case in chief, Respondents brought a verbal motion to dismiss the case. Claimants verbally opposed the motion. On April 19, 2006, the Panel issued an Order denying Respondents' motion to dismiss.

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) Claimants' claims are denied in their entirety.
- 2) All pre-hearing motions not previously ruled on, including discovery, dispositive issues, and sanctions, are denied.
- 3) The parties shall bear their respective costs, including attorney's fees.
- 4) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the 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

Adjournment Fees

The following adjournment fees are assessed:

December 5-12, 2005 hearing adjournment requested by Respondent	= \$ 1,125.00
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1. The Panel assessed \$562.50 of the adjournment fees jointly and severally to Claimants.
2. The Panel assessed \$562.50 of the adjournment fees to Respondent.

Forum Fees and Assessments

The Panel assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

1 Pre-hearing conference session with a single arbitrator @ \$450.00/session	= \$	450.00
Pre-hearing conference: November 7, 2005 1 session		
2 Pre-hearing conference sessions with the Panel @ \$1,125.00/session	= \$	2,250.00
Pre-hearing conferences: June 23, 2005 1 session		
November 17, 2005 1 session		
14 Hearing sessions @ \$1,125.00/session	= \$	15,750.00
Hearings: January 30, 2006 2 sessions		
January 31, 2006 2 sessions		
February 1, 2006 2 sessions		
February 3, 2006 2 sessions		
April 17, 2006 2 sessions		
April 18, 2006 2 sessions		
April 20, 2006 2 sessions		

Total Forum Fees	= \$	\$18,450.00
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1. The Panel assessed \$9,225.00 of the forum fees jointly and severally to Claimants.
2. The Panel assessed \$9,225.00 of the forum fees to Respondent.

Administrative Costs

Administrative costs are expenses incurred because a party requested additional services beyond the normal administrative services. These additional services include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, security, and sundry other requests.

Claimants requested 35 photocopies @ \$0.50 each:	= \$	17.50
Claimants requested 12 copies of audio tapes @ \$15.00 each:	= \$	180.00
Respondent requested 126 photocopies @ \$0.50 each:	= \$	63.00
Respondent requested 17 copies of audio tapes @ \$15.00 each:	= \$	255.00

Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Adjournment Fee	= \$ 562.50
Forum Fees	= \$ 9,225.00
<u>Administrative Costs</u>	<u>= \$ 197.50</u>
Total Fees	= \$10,285.00
<u>Less payments</u>	<u>= \$(2,850.00)</u>
Balance Due NASD Dispute Resolution	= \$ 7,435.00

2. Respondent is charged with the following fees and costs:


Member Fees	= \$ 5,200.00
Adjournment Fee	= \$ 562.50
Forum Fees	= \$ 9,225.00
<u>Administrative Costs</u>	<u>= \$ 318.00</u>
Total Fees	= \$15,305.50
<u>Less payments</u>	<u>= \$(5,837.50)</u>
Balance Due NASD Dispute Resolution	= \$ 9,468.00

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

A. Joel Klein	-	Public Arbitrator, Presiding Chair
Ernest S. Gould	-	Public Arbitrator
Robert Taylor	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


A. Joel Klein
Chair, Public Arbitrator

4/21/06
Signature Date

Ernest S. Gould
Public Arbitrator

Signature Date

Robert Taylor
Non-Public Arbitrator

Signature Date

4/21/06
Date of Service

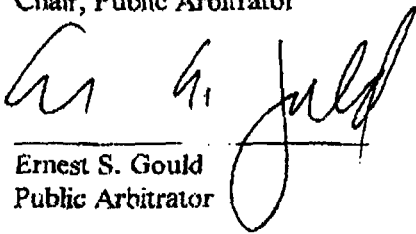
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Chair, Public Arbitrator

Ernest S. Gould
Public Arbitrator



Signature Date

4-21-06

Signature Date

Robert Taylor
Non-Public Arbitrator

Signature Date

4/21/06

Date of Service

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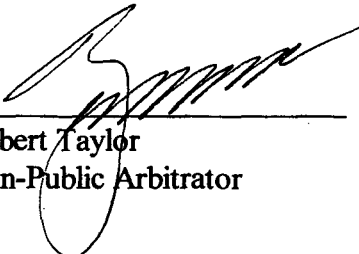
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Chair, Public Arbitrator

Signature Date

Ernest S. Gould
Public Arbitrator

Signature Date



Robert Taylor
Non-Public Arbitrator

4/23/06

Signature Date

05/03/06

Date of Service