

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Mary Banner, individually and
as beneficiary of an IRA

and

Case Number: 05-01515
Hearing Site: Houston, Texas

Respondents

Morgan Stanley DW, Inc.
and SG Cowen Securities Corp.

NATURE OF DISPUTE

Customer v. Member Firms

REPRESENTATION OF PARTIES

Mary Banner, individually and as beneficiary of an IRA ("**Banner**" or "**Claimant**") was represented by Thomas M. Fulkerson, Esq., Wilson Fulkerson LLP, Houston, Texas.

Morgan Stanley DW, Inc. ("**Morgan Stanley**") was represented by David D. Sterling, Esq., Baker Botts L.L.P., Houston, Texas.

SG Cowen Securities Corp. ("**SG Cowen**") was represented by Andrew R. Harvin, Esq., Doyle, Restrepo, Harvin & Robbins, L.L.P., Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about March 22, 2005. The Submission Agreement of Claimant was signed on or about March 31, 2005. Claimant's Response to SG Cowen's Motion to Dismiss was filed on or about September 1, 2005.

The Statement of Answer was filed by Morgan Stanley on or about July 18, 2005. The Submission Agreement of Morgan Stanley was signed on or about June 15, 2005.

The Statement of Answer and Motion to Dismiss was filed by SG Cowen on or about August 11, 2005. The Submission Agreement of SG Cowen was signed on or about August 22, 2005.

CASE SUMMARY

Claimant asserted the following causes of action: unsuitability; negligence/gross negligence; breach of fiduciary duty; statutory fraud; control person liability/respondent superior; and breach of contract. The causes of action related to the recommendation and purchase of various unspecified securities. Claimant alleged that Respondents failed to properly manage her account by recommending aggressive investments, which led to substantial losses in her account.

Unless specifically admitted in its Answer, Respondent Morgan Stanley, denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant's claims are barred by the doctrines of waiver, laches, ratification and estoppel; Respondent did not commit any fraud, breached any contract or obligation, or was negligent in any fashion; and the accounts were at all times suitable for the Claimant.

Unless specifically admitted in its Answer, Respondent SG Cowen, denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: there are no private causes of action under the NASD rules; Claimant cannot meet the burden of proving "loss causation," as required under law; and Claimant's claims are barred by the doctrines of estoppel, ratification and waiver.

RELIEF REQUESTED

Claimant requested an award in the amount of \$750,000.00 in compensatory damages, plus punitive damages, interest, costs, attorneys' fees and other relief the panel deemed just and appropriate.

Respondent Morgan Stanley requested that the claims asserted against it be denied in their entirety and that it be awarded their costs and attorneys' fees.

Respondent SG Cowen requested that the claims asserted against it be denied in their entirety and that it be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

On or about October 20, 2005, Claimant dismissed Respondent, SG Cowen Securities Corp., from this case with prejudice.

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) Claimant's claims, each and all, against Respondent, Morgan Stanley DW, Inc., are dismissed in their entirety 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 the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 375.00

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 person at the time of the events giving rise to the dispute. In this matter, the member firms are Morgan Stanley DW, Inc. and SG Cowen Securities Corp.

Member surcharge	= \$ 2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee (Morgan Stanley only)	= \$ 4,000.00

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:

One (1) Pre-hearing session with Panel x \$1,200.00 = \$ 1,200.00
Pre-hearing conference: October 21, 2005 1 session

Five (5) Hearing sessions x \$1,200.00 = \$ 6,000.00
Hearing Dates: February 6, 2006 2 sessions
February 7, 2006 2 sessions
February 8, 2006 1 session

Total Forum Fees = \$ 7,200.00

The Arbitration Panel has assessed \$3,600.00 of the forum fees to Mary Banner, individually and as beneficiary of an IRA.

The Arbitration Panel has assessed \$3,600.00 of the forum fees to Morgan Stanley DW, Inc.

Fee Summary

Claimant, Mary Banner, individually and as beneficiary of an IRA, is liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 3,600.00
Total Fees	= \$ 3,975.00
Less payments	= \$ 1,575.00
Balance Due NASD Dispute Resolution	= \$ 2,400.00

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

Member Fees	= \$ 7,000.00
Forum Fees	= \$ 3,600.00
Total Fees	= \$10,600.00
Less payments	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 3,600.00

Respondent, SG Cowen Securities Corp., is liable for:

Member Fees	= \$ 3,000.00
Total Fees	= \$ 3,000.00
Less payments	= \$ 3,000.00
Balance Due NASD Dispute Resolution	= \$ 3,000.00

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

ARBITRATION PANEL

R. Lee Britton, Jr., Esq. - Public Arbitrator, Presiding Chair
James E. Schlotmann - Public Arbitrator
Kathy R. Holler - Non-Public Arbitrator

Concurring Arbitrators:

/s/ R. Lee Britton, Jr., Esq.
R. Lee Britton, Jr., Esq.
Public Arbitrator, Presiding Chair

02/13/06
Signature Date

/s/ James E. Schlotmann
James E. Schlotmann
Public Arbitrator

02/14/06
Signature Date

/s/ Kathy R. Holler
Kathy R. Holler
Non-Public Arbitrator

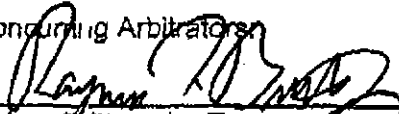
02/13/06
Signature Date

02/14/06
Date of Service (For NASD office use only)

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