
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Linda Louise Stanley
The Catherine L. Stanley Living Trust,
Linda Louise Stanley, Trustee
CLS Asset Management, LLP

Case Number: 05-01781

Name of the Respondent

Merrill Lynch, Pierce, Fenner & Smith

Hearing Site: Orlando, Florida

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Linda Louise Stanley, The Catherine L. Stanley Living Trust, Linda Louise Stanley, Trustee, and CLS Asset Management, LLP, hereinafter collectively referred to as "Claimants": Kenneth A. Tomchin, Esq., Tomchin & Odom, P.A., Jacksonville, Florida.

For Merrill Lynch, Pierce, Fenner & Smith ("MLPFS"): Kimberly D. Lerman, Esq., Sutherland Asbill & Brennan, LLP, Atlanta, Georgia.

CASE INFORMATION

Statement of Claim filed on or about: April 5, 2005.

Claimants signed the Uniform Submission Agreement: April 1, 2005.

Statement of Answer filed by Respondent MLPFS on or about: June 27, 2005.

Respondent MLPFS signed the Uniform Submission Agreement: June 27, 2005.

Respondent's Motion to Exclude Claimant's New Allegations or Postpone Hearings filed on or about: April 4, 2006.

Claimant's Response to Respondent's Motion to Exclude Claimant's New Allegations or Postpone Hearings filed on or about: April 6, 2006.

CASE SUMMARY

Claimants asserted the following causes of action: 1) unnecessary margin accounts; 2) violation of Florida's Blue Sky Laws, Sections 517.301 and 517.312 of the Florida Statutes.; 3) negligence; 4) negligent misrepresentation; 5) breach of fiduciary duty; 6) breach of covenant of good faith and fair dealing; and, 7) failure to supervise. The causes of action relate to the Respondent's failure to diversify the holdings in Claimants' accounts, including but not limited to, AIG stock, and Respondent's improper use of margin in Claimants' accounts.

Unless specifically admitted in its Answer, Respondent MLPFS denied the allegations made in the Statement of Claim, and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested: 1) compensatory damages in the amount of \$6,578,172.00; 2) punitive damages in the amount of \$2,500,000.00; 3) statutory damages; 4) lost profits and income; 5) interest, including pre-judgment interest; 6) attorneys' fees; 7) costs; and 8) such other relief as the undersigned arbitrators (the "Panel") deemed just and proper.

Respondent MLPFS requested that the Panel issue an award: 1) dismissing the Statement of Claim in its entirety; 2) assessing all forum fees and costs against Claimants; 3) awarding Respondent MLPFS its reasonable attorneys' fees pursuant to Section 517 of the Florida Statutes; and 4) granting such other and further relief as the Panel deemed just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

On or about April 13, 2006, the Panel denied Respondent's Motion to Exclude Claimant's New Allegations or Postpone Hearings.

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

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages and for attorneys' fees or other relief pursuant to Section 517 of the Florida Statutes, are denied.

Claimant is found liable and shall pay to Respondent its expert witness fees, litigation fees and reasonable attorneys' fees, pursuant to Chapter 517 of the Florida Statutes, in amounts to be determined by a court of competent jurisdiction.

FEES

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

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees 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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent MLPFS is a party and a member firm.

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

Total Member Fees

= \$9,600.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:
There were no adjournment fees assessed during these proceedings.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

There were no three-day cancellation fees assessed during these proceedings.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

There were no injunctive relief fees assessed during these proceedings.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00 per session = \$ 900.00

Pre-hearing conferences: February 13, 2006 1 session
March 17, 2006 1 session

Two (2) Pre-hearing sessions with the Panel @ \$1,200.00 per session = \$ 2,400.00

Pre-hearing conferences: September 1, 2005 1 session
April 13, 2006 1 session

Eight (8) Hearing Sessions @ \$1,200.00 per session = \$ 9,600.00

Hearing sessions: April 18, 2006 2 sessions
April 19, 2006 2 sessions
April 20, 2006 2 sessions
April 21, 2006 2 sessions

Total Forum Fees = \$ 12,900.00

The Panel assessed forum fees in the amount of \$ 6,450.00 to Claimants, jointly and severally.
The Panel assessed forum fees in the amount of \$ 6,450.00 to Respondent MLPFS.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$ 6,450.00
Total Fees	= \$ 7,050.00
Less Payments	= \$ 1,800.00
Balance Due NASD Dispute Resolution	= \$ 5,250.00

Respondent MLPFS is solely liable for:

Member Fees	= \$ 9,600.00
Forum Fees	= \$ 6,450.00
Total Fees	= \$16,050.00
Less payments	= \$ 9,600.00
Balance Due NASD Dispute Resolution	= \$ 6,450.00

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

ARBITRATION PANEL

Thomas Joseph Atkinson, Sr, J.D.
Horace A. Andrews
Angelo J. Infantino

Public Arbitrator, Presiding Chairperson
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures

_____/s/_____
Thomas Joseph Atkinson, Sr, J.D.
Public Arbitrator, Presiding Chairperson

April 28, 2006
Signature Date

_____/s/_____
Horace A. Andrews
Public Arbitrator

April 27, 2006
Signature Date

_____/s/_____
Angelo J. Infantino
Non-Public Arbitrator

April 27, 2006
Signature Date

April 28, 2006
Date of Service (For NASD Dispute Resolution office use only)

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Public Arbitrator, Presiding Chairperson

4-28-06
Signature Date

Horace A. Andrews
Public Arbitrator

Signature Date

Angelo J. Infantino
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution
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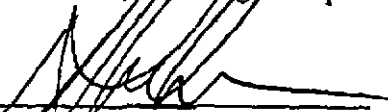
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Thomas Joseph Atkinson, Sr. J.D.
Public Arbitrator, Presiding Chairperson


Horace A. Andrews
Public Arbitrator

Signature Date

4/26/2006
Signature Date

Angelo J. Infantino
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

Arbitration No. 05-01781

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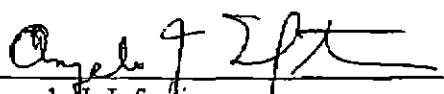
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Horace A. Andrews
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Angelo J. Infantino
Non-Public Arbitrator

4/26/06

Signature Date

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