

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Stephan A. Velazquez, Angela Godinho and Kristine Klein, Claimants v. Morgan Stanley DW Inc., Respondent

Morgan Stanley DW Inc., Counter-Claimant v. Angela Godinho, Counter-Respondent

Case Number: 05-05013

Hearing Site: Denver, Colorado

Nature of the Dispute: Associated Persons v. Member
Member v. Associated Person

REPRESENTATION OF PARTIES

For Claimants Stephan Velazquez,
Kristine Klein and Claimant/
Counter-Respondent Angela
Godinho

Otto K. Hilbert, II, Esq.
Robinson Waters & O'Dorisio
Denver, Colorado

For Respondent/Counter-Claimant:

Cathy Havener Greer, Esq.
Wells, Anderson & Race LLC
Denver, Colorado

CASE INFORMATION

Statement of Claim filed: September 23, 2005

Amended Statement of Claim filed: October 24, 2005

Claimant Stephan A. Velazquez' Uniform Submission Agreement signed: September 26, 2005

Claimant/Counter-Respondent Angela Godinho's Uniform Submission Agreement signed: October 7, 2005

Claimant Kristine Klein's Uniform Submission Agreement signed: October 12, 2005

Statement of Answer and Counter-Claim against Angela Godinho filed by Respondent: January 18, 2006

Respondent's Uniform Submission Agreement signed: January 18, 2006

CASE SUMMARY

In their Amended Statement of Claim, Claimants alleged breach of contract, breach of fiduciary duty, respondeat superior, unjust enrichment, conversion and promissory estoppel involving the circumstances surrounding the termination of their employment with Respondent Morgan Stanley DW Inc.

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

In its Counterclaim, Counter-Claimant Morgan Stanley DW Inc. alleged that Counter-Respondent, Angela Godinho, breached a promissory note in the sum of \$200,000.00.

Counter-Respondent denied the allegations of wrongdoing as set forth in the Counter-Claim.

RELIEF REQUESTED

Claimant Stephen A. Velazquez requested \$950,000.00 in compensatory damages, pre and post judgment interest, and costs including attorney's fees.

Claimant Angela Godinho requested compensatory damages in the sum of \$1,000,000.00, pre and post judgment interest, and costs, including attorney's fees.

Claimant Kristine Klein requested compensatory damages in the sum of \$100,000.00, pre and post judgment interest, and costs, including attorney's fees.

Respondent requested dismissal of the Claimants' Amended Statement of Claim in its entirety, and costs, including attorney's fees.

Counter-Claimant requested compensatory damages in the sum of \$200,000.00.

Counter-Respondent Angela Godinho requested dismissal of the Counter-claim.

OTHER ISSUES CONSIDERED AND DECIDED

On October 24, 2005, Claimants filed an Amended Statement of Claim pursuant to the NASD Code of Arbitration Procedure Rule 10328(a).

On October 13, 2006, Respondent moved the Panel for an Order Dismissing the Statement of Claim. On October 20, 2006, Respondent moved the Panel for an Order Striking Late Disclosed Witnesses. At the hearing, after due deliberation of the evidence and testimony presented by the parties in this matter, the Panel denied the Motion to Dismiss and the Motion to Strike Late Disclosed Witnesses.

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

FINDINGS AND CONCLUSIONS

The Panel finds that Respondent's claim for any outstanding amount otherwise due and owing by Claimant Stephan A. Velazquez under the Promissory Note dated January 13, 1995, in the amount of \$276,102.00, given to Dean Witter Reynolds Inc. is a compulsory Counter-claim which should have been asserted in the instant arbitration. Therefore, Respondent's Counterclaim against Claimant Stephan A. Velazquez for breach of the Promissory Note dated January 13, 1995, is barred in any subsequent proceeding.

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) Respondent/Counter-Claimant is liable to and shall pay Claimant/Counter-Respondent Angelo Godinho compensatory damages in the sum of \$460,000.00.
- 2) Respondent/Counter-Claimant is liable to and shall pay Claimant/Counter-Respondent Angelo Godinho interest on the sum of \$460,000.00 at a rate of 8% per annum from November 1, 2002, until the date on which this award is paid in full.
- 3) Respondent is liable to and shall pay Claimant Kristine Y. Klein compensatory damages in the sum of \$140,554.00.
- 4) Respondent is liable to and shall pay Claimant Kristine Y. Klein interest on the sum of \$140,554.00 at a rate of 8% per annum from March 1, 2004, until the date on which this award is paid in full.

- 5) Counter-Respondent Angela Godhino is liable and shall pay to Counter-Claimant Morgan Stanley DW compensatory damages in the sum of \$147,500.00.
- 6) Counter-Respondent Angela Godhino is liable and shall pay to Counter-Claimant Morgan Stanley DW interest on the sum of \$147,500.00 at a rate of 7% per annum from November 1, 2002, until the date on which this award is paid in full.
- 7) Claimant Stephan A. Velazquez' claims are denied in their entirety.
- 8) The parties shall bear their respective costs, including attorney's fees.
- 9) 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	= \$ 500.00
Respondent's Counterclaim	= \$1,000.00

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	= \$ 2,800.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 5,000.00
Total Member Fees	= \$ 8,550.00

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 last four (4) hours or less. Fees associated with these proceedings are:

(1) Pre-hearing conference sessions with the Panel @ \$1,200.00/session = \$ 1,200.00
Pre-hearing conferences: April 7, 2006 1 session

(14) Hearing sessions @ \$1,200.00/session = \$16,800.00
Hearings: November 6, 2006 2 sessions
November 7, 2006 2 sessions
November 8, 2006 2 sessions
November 9, 2006 1 session
November 13, 2006 2 sessions
November 14, 2006 2 sessions
November 15, 2006 2 sessions
November 20, 2006 1 session

Total Forum Fees = \$18,000.00

The Panel assessed \$18,000.00 of the forum fees to Respondent/Counter-Claimant Morgan Stanley DW.

Fee Summary

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

Initial Filing Fee	= \$ 500.00
<u>Less payments</u>	= \$(1,700.00)
Refund Due Claimants	= \$(1,200.00)

2. Respondent/Counter-Claimant is charged with the following fees and costs:

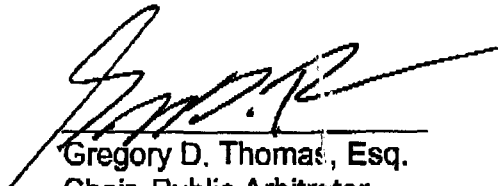
Counterclaim Filing Fee	= \$ 1,000.00
Member Fees	= \$ 8,550.00
<u>Forum Fees</u>	<u>= \$18,000.00</u>
Total Fees	= \$ 27,550.00
<u>Less payments</u>	<u>= \$(10,675.00)</u>
Balance Due NASD Dispute Resolution	= \$ 16,875.00

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

Gregory D. Thomas, Esq.	-	Public Arbitrator, Presiding Chair
Bradford J. Lam, Esq.	-	Public Arbitrator
Lawrence J. Madden	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Gregory D. Thomas, Esq.
Chair, Public Arbitrator

11/27/06

Signature Date

Bradford J. Lam, Esq.
Public Arbitrator

Signature Date

Lawrence J. Madden
Non-Public Arbitrator

Signature Date

11/27/06

Date of Service

ARBITRATION PANEL

Gregory D. Thomas, Esq.	-	Public Arbitrator, Presiding
Chair Bradford J. Lam, Esq.	-	Public Arbitrator
Lawrence J. Madden	-	Non-Public Arbitrator

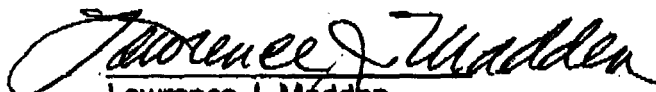
Concurring Arbitrators' Signatures

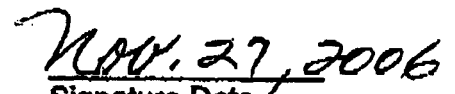
Gregory D. Thomas, Esq.
Chair, Public Arbitrator

Signature Date

Bradford J. Lam, Esq.
Public Arbitrator

Signature Date


Lawrence J. Madden
Non-Public Arbitrator


Signature Date


Date of Service

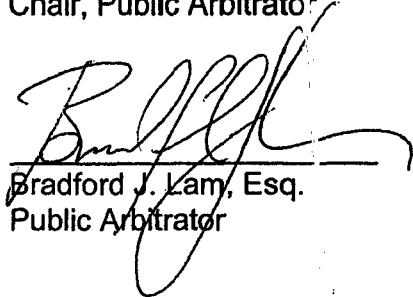
Gregory D. Thomas, Esq.
Bradford J. Lam, Esq.
Lawrence J. Madden

-
-
-

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures

Gregory D. Thomas, Esq.
Chair, Public Arbitrator



Bradford J. Lam, Esq.
Public Arbitrator

Signature Date

11/27/06
Signature Date

Lawrence J. Madden
Non-Public Arbitrator

Signature Date

11/27/06
Date of Service