

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

Kathleen Cahill

vs.

Case Number: 05-06254
Hearing Site: Chicago, Illinois

Name of Respondent

Morgan Stanley DW, Inc.

NATURE OF THE DISPUTE

Customer vs. Member

REPRESENTATION OF PARTIES

Kathleen Cahill ("Claimant") was represented by Sean M. Keane, Esq., Simmons Cooper, LLC, East Alton, Illinois.

Morgan Stanley DW, Inc. ("Respondent" or "Morgan Stanley") was represented by Aaron Danzer, Esq., Morgan Stanley DW, Inc., Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about December 8, 2005. The Submission Agreement of Claimant, Kathleen Cahill, was signed on or about November 27, 2005. Claimant filed a Response to the Motion to Dismiss on or about July 14, 2006.

The Statement of Answer and Motion to Dismiss was filed by Respondent, Morgan Stanley DW, Inc., on or about April 21, 2006. The Submission Agreement of Respondent, Morgan Stanley DW, Inc., was signed on or about April 20, 2006. On or about August 8, 2006, Respondent filed a Reply in Support of its Motion to Dismiss.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; failure to supervise; suitability; breach of contract; violation of the Illinois Securities Law of 1953; negligence; and violation of the Illinois Consumer Fraud and Deceptive Business Practices Act. The causes of action related to the recommendation and purchase of various securities. Claimant alleged that Respondent purchased Class B shares of Morgan

Stanley's in-house mutual funds without explaining the difference between Class A, B, and C shares of mutual funds. Claimant also alleged that Respondent over-concentrated her account in internet and technology-based stocks, which were too aggressive for her investment objectives. Claimant asserted that Morgan Stanley failed to supervise its employees and the activities in Claimant's accounts.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant's claim failed to state a claim upon which relief can be granted; Claimant is barred, in whole or in part, by the equitable doctrines of ratification, waiver, and estoppel; Claimant willingly assumed the risks of owning the securities in her Morgan Stanley account; Claimant failed to mitigate her damages; and Claimant is equally culpable for the alleged improper composition of her portfolio, as a result of her written and stated investment objectives, income, and net worth.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$193,684.00
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

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

OTHER ISSUES CONSIDERED & DECIDED

On or about June 8, 2006, Respondent filed a Motion to Strike Improper Evidence from the Statement of Claim. On or about June 26, 2006, Claimant filed the Response to the Motion to Strike. On or about August 8, 2006, Respondent filed its Reply in Support of its Motion to Strike.

During a prehearing conference call on August 17, 2006, the Panel heard oral arguments on the Motion to Dismiss and Motion to Strike Improper Evidence from the Statement of Claim. After deliberations, the Panel issued an Order denying the Motion to Dismiss and granting, in part, the Motion to Strike Improper Evidence from the Statement of Claim. Pursuant to the Panel's Order, the following was stricken from the Statement of Claim: 1) any reference to regulatory settlements/press releases and 2) any reference to other broker/dealers supervisory manual/practices.

At the final hearing, Respondent's counsel orally re-urged its Motion to Dismiss. The Panel deferred making a ruling until the close of the case.

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.

AWARD

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

- 1.) Claimant's claims, each and all, are hereby 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 the non-refundable filing fee for each claim:

Initial Claim filing fee	= \$ 300.00
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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 Morgan Stanley DW, Inc.

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing 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:

Two (2) Pre-hearing sessions with Panel x \$1,125.00	= \$ 2,250.00
Pre-hearing conferences: June 26, 2006	1 session
August 17, 2006	1 session
Four (4) Hearing sessions x \$1,125.00	= \$ 4,500.00
Hearing Dates: January 24, 2007	2 sessions
January 25, 2007	2 sessions
Total Forum Fees	= \$ 6,750.00

The Panel has assessed \$3,375.00 of the forum fees to Kathleen Cahill.

The Panel has assessed \$3,375.00 of the forum fees to Morgan Stanley DW, Inc.

FEE SUMMARY

Claimant, Kathleen Cahill, is liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 3,375.00
Total Fees	= \$ 3,675.00
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 2,250.00

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

Member Fees	= \$ 5,200.00
Forum Fees	= \$ 3,375.00
Total Fees	= \$ 8,575.00
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 3,375.00

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

ARBITRATION PANEL

James M. Casey - Public Arbitrator, Presiding Chair
Roger B. Johnston - Public Arbitrator
Brenda K. Fournier - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ James M. Casey
James M. Casey
Public Arbitrator, Presiding Chair

January 26, 2007
Signature Date

/s/ Roger B. Johnston
Roger B. Johnston
Public Arbitrator

January 26, 2007
Signature Date

/s/ Brenda K. Fournier
Brenda K. Fournier
Non-Public Arbitrator


January 26, 2007
Signature Date

January 26, 2007
Date of Service (For NASD office use only)

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Public Arbitrator, Presiding Chair



Signature Date

Roger B. Johnson
Public Arbitrator

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Public Arbitrator



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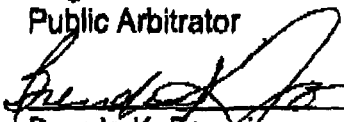
Concurring Arbitrators' Signatures:

James M. Casey
Public Arbitrator, Presiding Chair

Signature Date

Roger B. Johnson
Public Arbitrator

Signature Date



Brenda K. Fournier
Non-Public Arbitrator

1-26-07

Signature Date

Date of Service (For NASD office use only)