

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Carl N. Karcher, Trustee

Claimant

vs.

Morgan Stanley & Co., Inc.,
Arthur L. Thompson and
Joseph P. O'Conner, Jr.

Respondents

AWARD

CASE NO. 87-02582

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on December 14, 1987. Claimant alleged that over a period of eighteen months, Respondents breached their contractual obligations to Claimant by engaging in unauthorized trading in securities, excessive trading activities, failure to deal in good faith with Claimant, breach of fiduciary duty, explicit and implicit misrepresentations as to the care used in making investment decisions on Claimant's behalf, and the implementation of unsound investment practices.

Respondents denied the allegations and maintained that Claimant is a sophisticated investor who controlled the activity in his accounts on a non-discretionary basis, and that the trading activity engaged in was not excessive.

DAMAGES AND RELIEF REQUESTED

Claimant requested damages, as amended at the hearing, in the amount of \$530,000.00 representing actual damages, commissions, and interest.

Respondents requested dismissal of the claim and costs.

DAMAGES AND RELIEF AWARDED

On February 6, 1990, a pre-hearing conference pursuant to Section 32 of the NASD Code of Arbitration Procedure was conducted which lasted one session. On February 20, 1990, a second pre-hearing conference was conducted which lasted one session. On February 22 and 23, 1990 and March 19, 1990, the undersigned arbitrators heard the controversy between

the parties as set forth in submissions to arbitration signed by Claimant on November 18, 1987 and by Respondents Morgan Stanley & Co., Inc. and Arthur L. Thompson on May 18, 1989 and Joseph P. O'Conner, Jr. on May 30, 1989. The hearing was held in Los Angeles, California and lasted six sessions. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. All claims are dismissed.
2. The parties shall each bear their respective costs including attorneys' fees.
3. Pursuant to Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$1,000.00 filing fee previously deposited by the Claimant.

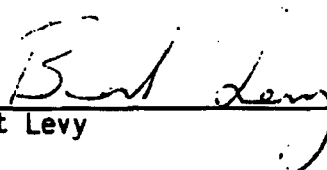
OTHER ISSUES

The parties stipulated to the execution and service of the award in counterpart copies.

PRESIDING ARBITRATORS

DATE SERVED: 04/12/90

Wayne E. Gallup



Bert Levy

John B. Wells