

**Award
NASD Regulation, Inc.**

In the Matter of the Arbitration Between:

Merrill Lynch, Pierce, Fenner & Smith Inc., Claimant vs. Richard T. McDougall, Respondent.

Case Number: 99-00497

Hearing Site: San Francisco, California

REPRESENTATION OF PARTIES

Claimant, Merrill Lynch, Pierce, Fenner & Smith Inc. ("Merrill Lynch"), hereinafter referred to as "Claimant": Mark P. Harbison, Esq., Rubin & Associates, P.C., Paoli, Pennsylvania

Respondent, Richard T. McDougall ("McDougall"), hereinafter referred to as "Respondent": Richard T. McDougall, Roseville, California

CASE INFORMATION

Statement of Claim filed on or about: February 2, 1999

Motion for Summary Judgment filed by Claimant on or about: December 4, 1999

Claimant, Merrill Lynch, signed the Uniform Submission Agreement: February 1, 1999

CASE SUMMARY

Claimant alleged that on or about April 1, 1998, Respondent executed a Promissory Note ("the Note") in connection with his employment at Merrill Lynch and further alleged that Respondent has breached his obligations under the Note.

RELIEF REQUESTED

Claimant requested that the Panel grant its motion for summary judgment and enter judgment in its favor and against Respondent in the sum of \$285,000.00, plus interest at the rate of 7.875% per year, and grant Merrill Lynch its costs of collection, including all NASD filing fees and hearing deposits. Claimant also requested an award of attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent McDougall did not file with the NASD Regulation, Inc. Office of Dispute Resolution a Statement of Answer or properly executed submission to arbitration. The Panel determined that Respondent McDougall is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure ("the Code") and is bound by the determination of the Panel on all issues submitted. The Panel further determined that Respondent McDougall received proper service and notice in this matter.

Respondent McDougall did not participate during the hearing by phone which was held on February 3, 2000 at 10:00 AM in this matter. Pursuant to Rule 10318 of the Code, the Panel determined that Respondent McDougall had been notified of the February 3, 2000 hearing, as well as provided a copy of the Panel's Order to Show Cause in connection with Claimant's Motion for Summary Judgment. The Panel ruled to proceed in Respondent's absence. The Panel determined that Respondent McDougall had failed to address any of the issues in the Order to Show Cause, and based thereon, the Panel entered a default against Respondent McDougall.

The Panel determined 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 Panel's prior Orders in this matter, and the evidence presented during the phone conference held on February 3, 2000 in connection with Claimant's Motion for Summary Judgment, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent McDougall was hired on April 1, 1998. As part of his employment, he executed a Promissory Note in the principal amount of Two Hundred Eighty Five Thousand and Six Hundred Dollars (\$285,600.00) which was to be forgiven on a monthly basis in the amount of Six Thousand Twenty Two Dollars and Seventeen Cents (\$6,022.17).
2. Respondent McDougall resigned in September, 1998.
3. Respondent McDougall is liable for and shall pay to Merrill Lynch the sum of Two Hundred Sixty Thousand Three Hundred Dollars and Fifty Six Cents (\$260,300.56).
4. Respondent McDougall is liable for and shall pay to Merrill Lynch interest at the rate of 7.875% per year from December 15, 1998 until paid.
5. In light of the Panel's ruling on the default and default judgment, the summary judgment motion was not ruled upon and is moot.
6. The parties shall each bear their respective costs including attorney's fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$500.00

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. In this matter, the member firm is a party.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing 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 Panel x \$750.00	= \$1,500.00
Pre-hearing conferences: August 31, 1999	1 session
February 3, 2000	1 session

Total Forum Fees = \$1,500.00

1. The Panel has assessed the \$1,500.00 in forum fees to Claimant Merrill Lynch.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

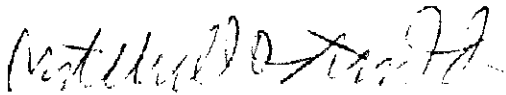
Fee Summary

1. Claimant, be and hereby is solely liable for:

Initial Filing Fee	= \$ 500.00
Member Fees	= \$4,600.00
Adjournment Fee	= \$ 0.00
Forum Fees	= \$1,500.00
Administrative Costs	= \$ 0.00
Total Fees	= \$6,600.00
Less payments	= \$5,850.00
Balance Due NASD Regulation, Inc.	= \$ 750.00

All balances are due to NASD Regulation, Inc. and are payable within 30 days of the service date of this Award.

Concurring Arbitrators' Signatures



Mitchell S. Ostwald, Esq.
Industry Arbitrator, Presiding Chair

3-27-00

Signature Date

Paul D. Allen, Esq.
Industry Arbitrator

Signature Date

Kenneth L. Brown
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

Date Served:

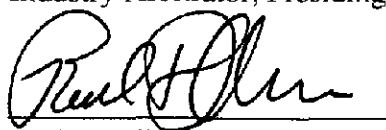
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Mitchell S. Ostwald, Esq.
Industry Arbitrator, Presiding Chair

Signature Date



Paul D. Allen, Esq.
Industry Arbitrator

3/24/00

Signature Date

Kenneth L. Brown
Industry Arbitrator

Signature Date

Date Served:

APR 12 2000

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Signature Date

Paul D. Allen, Esq.
Industry Arbitrator

Signature Date

Kenneth L. Brown.
Kenneth L. Brown
Industry Arbitrator

Date Served:

APR 12 2000

3/30/00
Signature Date

Date of Service (For NASD office use only)