

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Charles P. Callaway, (Claimant) vs. Merrill Lynch, Pierce, Fenner & Smith Inc.
and Bruce W. Culp (Respondents).

Case Number: 99-01499

Hearing Site: Dallas, Texas

REPRESENTATION OF PARTIES

Claimant, Charles P. Callaway ("Claimant"): Robert L. Yeager, Esq.: Law Office
of Robert L. Yeager, Dallas, Texas.

Respondent, Merrill Lynch, Pierce, Fenner Smith Inc. ("Respondent Merrill
Lynch"): Gregg May: Munch, Hardt, Kopf & Harr, A.P.C., Dallas, Texas.

Respondent, Bruce W. Culp ("Respondent Culp"): Sharon J. Shumway:
Carrington, Coleman, Sloman et. al., Dallas, Texas.

CASE INFORMATION

Statement of Claim filed on or about: March 29, 1999.

Claimant, Charles P. Callaway, signed the Uniform Submission Agreement:
March 23, 1999.

Statement of Answer filed by Respondent, Merrill Lynch, Pierce, Fenner & Smith,
Inc. on or about: August 2, 1999.

Respondent, Merrill Lynch, Pierce, Fenner & Smith, Inc. signed the Uniform
Submission Agreement: June 8, 1999.

Statement of Answer filed by Respondent, Bruce W. Culp, on or about: August
17, 1999.

Respondent, Bruce W. Culp signed the Uniform Submission Agreement: August
5, 1999.

CASE SUMMARY

Claimant Charles P. Callaway asserted the following causes of action: Churning, Fraud, Deceptive Trade Practices Act Violations, Breach of Fiduciary Duty, and Violations of NASD Conduct Rules. The causes of action relate to purchases and sales of securities in Claimant's account at Merrill Lynch, Pierce Fenner & Smith, Inc.

Unless specifically admitted in its Answer, Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. denied the allegations made in the Statement of Claim and asserted the following defenses: Ratification, Estoppel and Laches, and Failure to Mitigate.

Unless specifically admitted in its Answer, Respondent Bruce W. Culp denied the allegations made in the Statement of Claim and asserted the following defenses: Failure to State a Claim upon which relief can be granted, Waiver and Estoppel, Ratification, and asserted that any award of punitive damages would violate the due process guarantees of the Texas and United States Constitution.

RELIEF REQUESTED

Claimant Charles P. Callaway requested:

Compensatory Damages	\$1,369,316.00
Punitive Damages	unspecified
Interest	unspecified
Attorneys' Fees	unspecified
Other Costs	unspecified
Other Monetary/Non-Monetary Relief:	unspecified

Respondent Merrill Lynch, Pierce Fenner Smith, Inc. requested:

Other Costs	unspecified
Other Monetary/Non-Monetary Relief:	unspecified

Respondent Bruce W. Culp requested:

Other Costs	unspecified
Other Monetary/Non-Monetary Relief:	unspecified

OTHER ISSUES CONSIDERED AND DECIDED

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

1. That any and all requests for relief, including punitive damages, are hereby dismissed and denied in their entirety.

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
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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 a party and the Respondent's firm.

Member surcharge	= \$2,500.00
Pre-hearing process fee	= \$600.00
Hearing process fee	= \$4,500.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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:

One (1) Pre-hearing session with Panel x \$1,200.00	= \$1,200.00
Pre-hearing conference: January 31, 2000	1 session
 Eighteen (18) Hearing sessions x \$1,200.00	 = \$21,600.00
Hearing Dates: June 26, 2000	2 sessions

June 27, 2000	2 sessions
June 28, 2000	2 sessions
June 29, 2000	2 sessions
June 30, 2000	2 sessions
July 11, 2000	2 sessions
July 12, 2000	2 sessions
August 15, 2000	2 sessions
August 16, 2000	2 sessions

Total Forum Fees	= \$22,800.00
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1. The Arbitration Panel has assessed all of the forum fees solely to Claimant Charles P. Callaway.

Fee Summary

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

Initial Filing Fee	= \$500.00
Forum Fees	= \$22,800.00
<u>Administrative Costs</u>	= \$0
Total Fees	= \$23,300.00
<u>Less payments</u>	= \$ 1,700.00
Balance Due NASD Regulation, Inc.	= \$21,600.00

2. Respondent, Merrill Lynch, Pierce, Fenner & Smith, Inc. be and hereby is solely liable for:

Member Fees	= \$7,600.00
Forum Fees	= \$0
<u>Administrative Costs</u>	= \$0
Total Fees	= \$7,600.00
<u>Less payments</u>	= \$7,600.00
Balance Due NASD Regulation, Inc.	= \$0

All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signature

/s/ Harry J. Saginaw

September 13, 2000

Harry J. Saginaw
Public Arbitrator, Presiding Chair

Signature Date

/s/ George Longino

August 29, 2000

George Longino, III
Industry Arbitrator

Signature Date

/s/ Barbara Edin

August 29, 2000

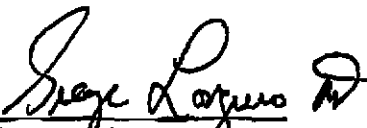
Barbara L. Edin
Public Arbitrator

Signature Date

All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signature

Harry J. Saginaw
Public Arbitrator, Presiding Chair



George Longino III
Industry Arbitrator

Signature Date

August 29, 2000

Signature Date

Barbara L. Edin
Public Arbitrator

Signature Date

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All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signature



Harry J. Saginaw
Public Arbitrator, Presiding Chair

9/13/00

Signature Date

George Longino, III
Industry Arbitrator

Signature Date

Barbara L. Edin
Public Arbitrator

Signature Date

NASD Arbitration Award No. 99-01406
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All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signature

Harry J. Saginaw
Public Arbitrator, Presiding Chair

Signature Date

George Longino, III
Industry Arbitrator

Signature Date


Barbara L. Edin
Public Arbitrator

8/29/00
Signature Date