

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

William Hamilton Hall and Mieke Syme Hall, Claimants v. Morgan Stanley Dean Witter and Joseph Paul Schlater, Respondents

Case Number: 01-01862

Hearing Site: San Francisco, California

REPRESENTATION OF PARTIES

For Claimants:

Cary S. Lapidus, Esq.
Law Offices of Cary S. Lapidus
San Francisco, California

For Respondents:

Gilbert R. Serota, Esq.
Howard Rice Nemerovski Canady Falk & Rabkin
San Francisco, California

CASE INFORMATION

Statement of Claim filed: April 9, 2001

Claimants' Uniform Submission Agreement signed: April 4, 2001

Statement of Answer filed by Respondents: June 12, 2001

Respondents' Uniform Submission Agreements: None filed

CASE SUMMARY

Claimants alleged suitability, fraud, deceit and omission of material fact, negligent misrepresentation, breach of fiduciary duty, breach of implied covenant of good faith and fair dealing, violations of the anti-fraud provisions of the Securities Exchange Act of 1934, and failure to supervise involving various securities investments.

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

RELIEF REQUESTED

Claimants requested compensatory damages of \$5,699,817.00, disgorgement, unspecified punitive damages, interest, and costs, including attorney's fees.

Respondents requested dismissal of the Claimants' Statement of Claim in its entirety, and costs.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Morgan Stanley Dean Witter and Joseph Paul Schlater did not file with the NASD Dispute Resolution, properly executed submission agreements; however, all said Respondents are required to submit to arbitration and, having answered the claim and having appeared and testified at the hearing, all said Respondents are bound by the determination of the Panel on all issues submitted.

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

- 1) Respondents are jointly and severally liable to and shall pay Claimants the sum of \$1,766,000.00 in compensatory damages.
- 2) Claimants request for punitive damages is denied.
- 3) The parties shall bear their respective costs, including attorney's fees.
- 4) 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 = \$ 600.00

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 Dean Witter is a party and the following fees are assessed:

Member Surcharge	= \$3,000.00
Pre-Hearing Process Fee	= \$ 600.00
Hearing Process Fee	= \$5,000.00
Total Member Fees	= \$8,600.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair or the parties and the Panel. The following fees are assessed:

Two (2) Pre-hearing conference sessions with the Panel @ \$1,200.00/session = \$2,400.00

Pre-hearing conferences: February 22, 2002 1 session
December 5, 2002 1 session

Twenty-four (24) Hearing sessions @ \$1,200.00/session = \$28,800.00

Hearings:

September 30, 2002	2 sessions
October 1, 2002	2 sessions
October 2, 2002	2 sessions
October 3, 2002	2 sessions
October 4, 2002	2 sessions
October 22, 2002	2 sessions
October 23, 2002	2 sessions
October 24, 2002	2 sessions
November 25, 2002	2 sessions
November 26, 2002	2 sessions
December 12, 2002	2 sessions
December 13, 2002	1 session
December 27, 2002	1 session

Total Forum Fees = \$31,200.00

1. The Panel assessed \$15,600.00 of the forum fees jointly and severally to Claimants.
2. The Panel assessed \$15,600.00 of the forum fees jointly and severally to Respondents.

Administrative Costs

Administrative costs are expenses incurred because a party requested additional services beyond the normal administrative services. These additional services include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, security, and sundry other requests.

Claimants requested copies of hearing tapes: = \$ 60.00

Fee Summary

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

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$15,600.00
Administrative Costs	= 60.00
<hr/> Total Fees	<hr/> = \$16,260.00
Less payments	= \$(1,860.00)
Balance Due NASD Dispute Resolution	= \$14,400.00

2. Respondent Morgan Stanley Dean Witter is charged with the following fees and costs:

Member Fees	= \$ 8,600.00
Less payments	= \$(8,600.00)
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$ 0.00

3. Respondents Morgan Stanley Dean Witter and Joseph Paul Schlater are charged jointly and severally with the following fees and costs:

Forum Fees	= \$15,600.00
Less payments	= 0.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$15,600.00

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.

NASD Dispute Resolution
Arbitration No. 01-01862
Award Page 3 of 3

ARBITRATION PANEL

James H. Schilt	-	Public Arbitrator, Presiding Chair
Walter J. Huntley, III	-	Public Arbitrator
Neil G. Clem	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

James H. Schilt
Chair, Public Arbitrator

Signature Date

Walter J. Huntley III
Walter J. Huntley, III
Public Arbitrator

1-22-03
Signature Date

Neil G. Clem
Non-Public Arbitrator

Signature Date

1/22/03
Date of Service