

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimant
Lahna J. Specht

Case Number: 04-06128

Name of the Respondent
Merrill Lynch, Pierce, Fenner & Smith, Inc.

Hearing Site: Norfolk, Virginia

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

Claimant, Lahna J. Specht, hereinafter referred to as "Claimant", was represented by W. Scott Greco, Esq., Greco & Greco, P.C., McLean, Virginia.

Respondent, Merrill Lynch, Pierce, Fenner & Smith, Inc., hereinafter referred to as "Respondent" was represented by M. Elizabeth Nowinski, Esq., and Ira L. Oring, Esq., Fedder and Garten, P.A., Baltimore, Maryland.

CASE INFORMATION

Statement of Claim filed on August 27, 2004.

Claimant signed the Uniform Submission Agreement on July 13, 2004.

Statement of Answer filed by Respondent on December 10, 2004.

A representative of Respondent executed the Uniform Submission Agreement on December 31, 2004.

CASE SUMMARY

In the Statement of Claim, Claimant asserted the following causes of action, among others: conversion, violation of UCC, VA. Code § 8.3 A-1010 *et seq.*, fraud and securities fraud, suitability, breach of contract, breach of fiduciary duties, failure to supervise, and negligence. The causes of action relate to the purchase and sale of various unspecified securities.

Unless specifically admitted in its Statement of Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses, among others: Claimant's claims are barred by the doctrines of ratification, waiver, estoppel, laches, assumption of the risk, and authorization; Claimant's claims are barred by the statutes of limitations; contributory negligence; Claimant's claims are barred by the statute of frauds; failure to mitigate damages; and failure to state a claim upon which relief may be granted.

RELIEF REQUESTED

Claimant in her Statement of Claim requested:

Compensatory Damages	\$ 131,146.00
Punitive Damages	\$ 275,000.00
Interest	amount unspecified
Attorney's Fees	\$ 43,711.00
Other Costs	amount unspecified

Respondent requested that the Statement of Claim be dismissed in its entirety and that it be awarded its costs and forum fees.

OTHER ISSUES CONSIDERED AND DECIDED

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

1. Respondent is liable to and shall pay to Claimant the sum of \$75,000.00 in compensatory damages. No interest is awarded on this amount;
2. The parties shall bear their respective costs, except as Fees are specifically addressed below; and
3. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee waived

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. Accordingly, Respondent is a party.

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 session conducted. A 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:

One (1) Pre-hearing session with a single arbitrator @ \$ 450.00	= \$	450.00
Pre-hearing conference: December 7, 2005 1 session		
One (1) Pre-hearing session with the Panel @ \$ 1,125.00	= \$	1,125.00
Pre-hearing conference: May 5, 2005 1 session		
Three (3) Hearing sessions @ \$ 1,125.00	= \$	3,375.00
Hearing Dates: February 7, 2006 2 sessions		
February 8, 2006 1 session		
Total Forum Fees	= \$	4,950.00

1. The Panel has assessed \$ 2,475.00 of the forum fees to Claimant.
2. The Panel has assessed \$ 2,475.00 of the forum fees to Respondent.

Fee Summary

1. Claimant are jointly and severally assessed and shall pay:

Initial Filing Fee	= \$	waived
<u>Forum Fees</u>	= \$	2,475.00
Total Fees	= \$	2,475.00
<u>Less payments</u>	= \$	0.00
Balance Due NASD Dispute Resolution	= \$	2,475.00

2. Respondent is assessed and shall pay:

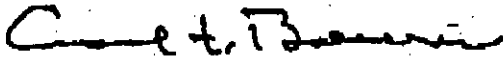
Member Fees	= \$	5,200.00
<u>Forum Fees</u>	= \$	2,475.00
Total Fees	= \$	7,675.00
<u>Less payments</u>	= \$	5,200.00
Balance Due NASD Dispute Resolution	= \$	2,475.00

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

ARBITRATION PANEL

Carl F. Bowmer, Esq.	-	Public Arbitrator, Presiding Chairperson
Carolyn W. Hines	-	Public Arbitrator, Panelist
J. Tyler Pugh	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures



Carl F. Bowmer, Esq.
Public Arbitrator, Presiding Chairperson

2-10-06

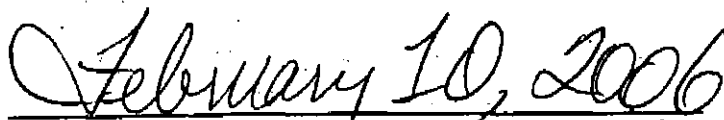
Signature Date

Carolyn W. Hines
Public Arbitrator, Panelist

Signature Date

J. Tyler Pugh
Non-Public Arbitrator, Panelist

Signature Date



Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

Carl F. Bowers, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Carolyn W. Hines
Carolyn W. Hines
Public Arbitrator, Panelist

Feb 9, 2006
Signature Date

J. Tyler Pugh
Non-Public Arbitrator, Panelist

Signature Date

February 10, 2006
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NASD Dispute Resolution
Arbitration No. 04-06128
Award Page 4

Concurring Arbitrators' Signatures

Carl F. Howmer, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Carolyn W. Hines
Public Arbitrator, Panelist

Signature Date

J. Tyler Pugh
Non-Public Arbitrator, Panelist

2-10-06
Signature Date

February 10, 2006
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