

FOR IMMEDIATE RELEASE

FLORIDA RETIREE AWARDED \$850,000 AGAINST MORGAN STANLEY

July 6, 2006

Aventura, Florida retiree Jordan Weinerman was awarded \$850,000, including \$250,000 punitive damages, in an National Association of Securities Dealers (NASD) arbitration case on Friday. Morgan Stanley and its broker, Kyle Boos, were accused of breach of fiduciary duty and negligence for selling unsuitable growth oriented investments to Weinerman, despite knowing that Weinerman, 81 years old, was looking for conservative income investments. Jeff Erez, of Sonn & Erez in Fort Lauderdale, argued to the NASD panel that punitive damages were appropriate because he asserted that there was evidence of intentional misconduct. According to the award, punitive damages of \$250,000, in addition to \$600,000 of compensatory damages, were awarded because the NASD panel found that "Respondent [Morgan Stanley] had actual knowledge of the wrongfulness of the conduct and the high probability that damage to Claimant would result and, despite that knowledge, intentionally pursued the course of conduct resulting in damage." The panel also found that while the objective of Weinerman's account was income, "much (or many) of the investments made in that time period was other than "income" and much of it was MSDW proprietary products.

Erez told the NASD panel that Weinerman is an 81 year old WWII hero who fought in the Battle of Leyte, and that as a customer of Morgan Stanley and a senior citizen, Morgan Stanley owed Weinerman a fiduciary duty. The NASD panel found Morgan Stanley liable for breach of fiduciary duty and negligent supervision. "The panel found by clear and convincing evidence that Boos and Morgan Stanley were guilty of misconduct by selling Morgan Stanley proprietary growth investments, when they well knew that my 81 year old client wanted income investments," said Jeff Erez, of Sonn & Erez, who represented Weinerman. Erez also said that the fact that the Morgan Stanley was hit for punitive damages proves Weinerman's contention that there was very poor supervision by Morgan Stanley. Jeffery Paulson was the manager of Kyle Boos at the time of the misconduct, and the NASD panel found that "supervisors were aware of [Boos'] conduct through the receipt of Compliance Activity Review (CAR) reports." The NASD panel also noted in the award that "the branch managers and compliance department, by implication, condoned and consented to such conduct by their receipt of the CAR reports." "The bottom line," Erez said, "is that the NASD sent a message to Morgan Stanley, that they must supervise their brokers and prevent them from abusing senior citizens."