

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of
MORGAN STANLEY DW INC.

PETITION FOR ORDER

Respondent.

File No. S-05073 (LX)

The staffs of the Licensing & Compliance Bureau and the Enforcement Unit, Registration and Enforcement Bureau of the Division of Securities, Department of Financial Institutions, State of Wisconsin have conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof allege as follows:

1. Morgan Stanley DW Inc. ("MSDW") is a broker-dealer (CRD # 7691) with a last known address of 2000 Westchester Avenue LD, Purchase, NY 10577;
2. On December 9, 2004, the staff conducted an examination of the books and records and operating procedures of the MSDW satellite office at 100 East Wisconsin Avenue, Suite 1800 in Milwaukee, Wisconsin;
3. During that examination, the staff asked questions about the procedures used to record purchases of securities made by direct subscription ("application way") where the application and check were left with branch office staff and forwarded by them to the issuer or custodian;
4. On January 7, 2005, the staff sent a letter to MSDW's Law Division at the firm's home office address noting the findings of the examination and asking, in addition to one other question, for an explanation of the firm's procedure used for processing and recording application way purchases by January 28, 2005;
5. On January 14, 2005, MSDW's Law Division received the staff's January 7, 2005 letter. That same day, the staff received a faxed copy of a letter of that date from a staff attorney with MSDW's Law Division in San Francisco ("MSDW's staff attorney"), notifying the staff that the letter to MSDW's Law Division was referred to him and that all future correspondence be directed to him;
6. On January 27, 2005, the staff was asked by MSDW's staff attorney for an extension of time to reply to February 3, 2005. The staff granted that extension on January 27, 2005;
7. On February 3, 2005, MSDW's staff attorney replied in a letter with a response that completely responded to the staff's first question, but did not address the actual

situation the staff questioned in the examination involving applications and checks being given to MSDW staff who then forwarded them to the mutual fund with no record of the transaction being maintained. In regards to the application question, MSDW's staff attorney stated that "If a client executes a purchase...directly with a mutual fund company...that would not show up on our daily trade blotter";

8. In an effort to clarify our request, the staff examiner attempted to contact MSDW's staff attorney by telephone. Despite calling at numerous times throughout the Pacific Time business day, the examiner was never able to speak directly with MSDW's staff attorney but was directed to his voicemail;

9. The staff was in a time zone two hours ahead of MSDW's staff attorney's local time. The staff attorney left messages on the examiner's voicemail at Central Times between 6pm and 8pm when staff was not available to take the call;

10. After a month of phone tag, the examiner once again attempted to clarify her request in a letter to MSDW's staff attorney of March 8, 2005, giving a deadline of March 18, 2005 for the response. The Division's March 8, 2005 letter was received by MSDW's staff attorney on March 14, 2005;

11. No response was received by the March 18, 2005 deadline;

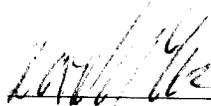
12. On March 24, 2005, the staff responded affirmatively to MSDW's staff attorney's request for another extension to April 1, 2005;

13. On April 1, 2005, MSDW's staff attorney sent a response to the March 8, 2005 letter to the Division by facsimile and U.S. Mail;

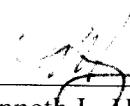
14. The failure of MSDW to timely respond to a request for information provides a basis, pursuant to sec. 551.34(l)(m), Wis. Stats., for the issuance of an order against its broker-dealer license in Wisconsin.

THEREFORE, the staffs of the Licensing & Compliance and Registration & Enforcement Bureaus petition the Administration for the issuance of the attached Order.

DATED this 16th day of April, 2005



David A. Cohen
Supervising Attorney
Enforcement Unit



Kenneth L. Hojnacki
Director
Licensing & Compliance Bureau