

Award
NASD Dispute Resolution

Ted Arslanian, Kathie Arslanian, Lauren Arslanian, Arslanian Brothers Carpet Cleaning, E. Alfred Schroeder, Gerry Schroeder and Robert Haas, (Claimants) v. Merrill Lynch, Pierce, Fenner & Smith, Inc. and Louis A. Telerico, (Respondents)

Case Number: 00-03387

Hearing Site: Cleveland, Ohio

REPRESENTATION OF PARTIES

Claimants, Ted Arslanian ("T. Arslanian"), Kathie Arslanian ("K. Arslanian"), Lauren Arslanian ("L. Arslanian"), Arslanian Brothers Carpet Cleaning ("Arslanian"), E. Alfred Schroeder ("E. Schroeder"), Gerry Schroeder ("G. Schroeder"), and Robert Haas ("Haas") hereinafter collectively referred to as "Claimants": Michael J. Jordan, Esq., Walter & Haverfield, Cleveland, OH.

Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill") and Louis Telerico ("Telerico"), hereinafter collectively referred to as "Respondents": Bryon S. Krantz, Esq., Kohrman Jackson & Krantz P.L.L., Cleveland, OH.

CASE INFORMATION

Statement of Claim filed on or about: August 7, 2002.

Claimant Arslanian signed the Uniform Submission Agreement: July 24, 2000.

Claimant T. Arslanian signed the Uniform Submission Agreement: July 24, 2000.

Claimant K. Arslanian signed the Uniform Submission Agreement: July 24, 2000.

Claimant L. Arslanian signed the Uniform Submission Agreement: July 24, 2000.

Claimant E. Schroeder signed the Uniform Submission Agreement: July 29, 2000.

Claimant G. Schroeder signed the Uniform Submission Agreement: July 29, 2000.

Claimant Robert Hass signed the Uniform Submission Agreement: July 28, 2000.

Joint Statement of Answer filed by Respondents on or about: November 2, 2000.

Respondent Merrill signed the Uniform Submission Agreement: October 31, 2000.

Respondent Telerico signed the Uniform Submission Agreement: October 31, 2000.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract, failure to supervise, negligence, misrepresentation, unauthorized trading, omission of facts, suitability, churning. Claimants' claim involved unspecified securities.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested:

1. Compensatory damages in the amount of \$1,297,267.41, plus interest and return of commissions;
2. Punitive damages in the amount of \$1,000,000.00;
3. The costs and disbursements of this arbitration proceeding, including attorneys' fees;
4. Such other and further relief as may be just and proper.

Respondents requested the panel dismiss this case in its entirety, and require Claimants to pay all fees and to reimburse the expenses and attorney fees incurred by the Respondents in presenting their defense.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims are hereby denied in their entirety.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Louis A. Telerico's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Telerico must obtain confirmation from a court of competent jurisdiction before CRD will execute the expungement directive.
3. Any and all relief not specifically addressed herein including punitive damages is denied.

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 = \$ 500.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Merrill Lynch, Pierce, Fenner & Smith, Inc. is a party.

Member surcharge = \$2,500.00

Pre-hearing process fee = \$ 600.00

Hearing process fee = \$4,500.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

Sept. 20, 21, 24, 25, 26, 2001, adjournment by Claimants = \$1,200.00

Jan. 28, 29, 30, 31, 2002 and Feb. 1, 2002, adjournment by Merrill = \$1,200.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

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

Pre-hearing conferences: March 7, 2001 1 session

January 29, 2002 1 session

Sixteen (16) Hearing sessions @ \$1,200.00 = \$19,200.00

Hearing Dates: July 15, 2002 2 sessions

July 16, 2002 2 sessions

July 17, 2002 2 sessions

July 18, 2002 2 sessions

July 19, 2002 2 sessions

April 28, 2003 2 sessions

April 29, 2003 2 sessions

April 30, 2003 2 sessions

Total Forum Fees = \$21,600.00

1. The Panel has assessed \$17,280.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$4,320.00 of the forum fees jointly and severally against Respondents.

Fee Summary

1. Claimants are jointly and severally liable for:

Filing Fees	= \$ 500.00
Adjournment Fee	= \$ 1,200.00
<u>Forum Fees</u>	<u>= \$17,280.00</u>
Total Fees	= \$18,980.00
<u>Less Payments</u>	<u>= \$ 4,100.00</u>
Balance Due NASD Dispute Resolution	= \$14,880.00

2. Respondent Merrill is solely liable for:

Member Fees	= \$ 7,600.00
<u>Adjournment Fee</u>	<u>= \$ 1,200.00</u>
Total Fees	= \$ 8,800.00
<u>Less Payments</u>	<u>= \$ 8,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$ 4,320.00</u>
Balance Due NASD Dispute Resolution	= \$ 4,320.00

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

ARBITRATION PANEL

Elmer G. Gowan, Esq.	-	Public Arbitrator, Presiding Chair
Scott M. Shubert	-	Public Arbitrator
C. Robert Rittberger	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, that I am the individual described herein and who executed this instrument is which is my award.



Elmer G. Cowan, Esq.
Public Arbitrator, Presiding Chairperson

JUL 17 2003

Signature Date

Scott M. Shubert
Public Arbitrator

Signature Date

C. Robert Rittberger
Non-Public Arbitrator

Signature Date

July 24, 2003
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL


Elmer G. Gowan, Esq.	-	Public Arbitrator, Presiding Chair
Scott M. Shubert	-	Public Arbitrator
C. Robert Rittberger	-	Public Arbitrator

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Elmer G. Cowan, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Scott M. Shubert
Public Arbitrator

7/16/2003

Signature Date

C. Robert Rittberger
Non-Public Arbitrator

Signature Date

July 24, 2003

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Elmer G. Gowan, Esq.	-	Public Arbitrator, Presiding Chair
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Elmer G. Cowan, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Scott M. Shubert
Public Arbitrator

Signature Date



C. Robert Rittberger
Non-Public Arbitrator

7/17/03

Signature Date

July 24, 2003

Date of Service (For NASD Dispute Resolution use only)