

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)	
H. Thomas Rector,)	
)	
Claimant)	Case #86-01004
)	
vs.)	Award
)	
Merrill Lynch, Pierce, Fenner & Smith, Inc.,)	
and Roger Coe,)	
)	
Respondents)	

CASE SUMMARY

Claimant, H. Thomas Rector, alleges that Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. and Roger Coe, failed to properly monitor his option accounts and the check-writing privileges thereto, churned his accounts for the purchase of generating commissions, induced Claimant into opening a second account for the purpose of getting a tax advantage and discount, committed unauthorized trades, refused to surrender stock certificate when requested, failed to execute his sell order of MCA stock and misrepresented the grace period for payment on options purchased. Claimant further alleges that he instructed Respondents to close his account and that Respondents instead liquidated his account.

Respondent, Merrill Lynch, denies each and every allegation of wrongdoing and alleges that Claimant maintained three accounts with its firm and engaged in freeriding in violation of Regulation T of the Federal Reserve and issued bad checks. Merrill Lynch further alleges that based upon the above, it terminated Claimant's check-writing privilege and liquidated the open option positions. Respondent also alleges that pursuant to a court order issued in a proceeding instituted by another firm at which Claimant maintained an account, the funds in Claimant's account at its firm were frozen. Merrill Lynch interposes a counterclaim against the Claimant for a \$59,225.00 debit balance in account number 699-13168 in the name of Carol Allard, an account within which Claimant had a seventy-five percent (75%) interest.

Respondent, Roger Coe, denies the allegations of wrongdoing and interposes five Affirmative Defenses.

RELIEF REQUESTED

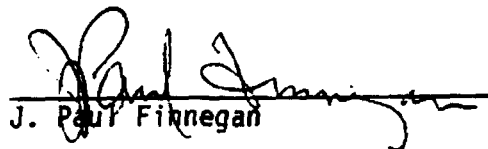
Claimant requests that the panel award him \$12,000,000.00 against Merrill Lynch and \$12,000,000.00 against Roger Coe. Merrill Lynch requests that the panel dismiss the claim and award it \$59,225.00 on the counterclaim for the debit balance in account number 699-13168, costs and attorney's fees. Roger Coe requests that the panel dismiss the claim in its entirety.

AWARD

On February 13, 1989, March 10, 1989, April 26, 1989, December 14, 1989 and December 15, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in a submission to arbitration signed by Claimant on June 23, 1986 and by Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. and Roger Coe, on December 18, 1986; October 13, 1986, respectively. The hearing was conducted in Boston, Massachusetts and consisted of nine sessions. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. All claims asserted by the Claimant against the Respondents are hereby dismissed in their entirety.
2. The counterclaim interposed by Merrill Lynch, Pierce, Fenner & Smith, Inc. is hereby dismissed.
3. The parties shall each bear their respective costs including attorneys' fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund the \$750.00 filing fee previously deposited by the Claimant.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall assess Respondents \$3,375.00 each in forum costs

CONCURRING ARBITRATORS


J. Paul Finnegan

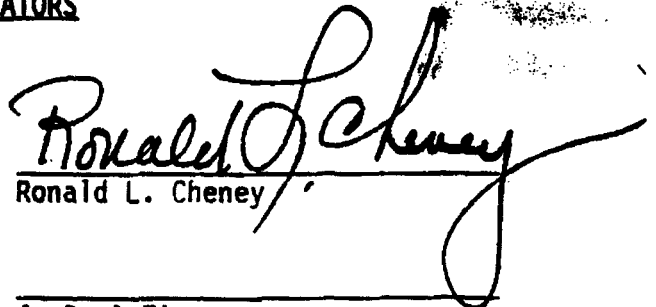
Dated: January 30, 1990

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Ronald L. Cheney

J. Paul Finnegan

Francis V. Knox, Jr.

Dated: January 30, 1990

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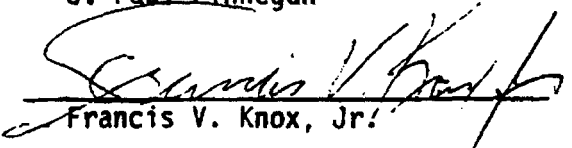
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