

1. Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. is liable and shall pay to the Claimants Sherman and Marjorie Herrington the sum of Seven Thousand Five Hundred Dollars and No Cents (\$7,500.00).
2. Respondent William J. Grace, Jr. is liable and shall pay to the Claimants Sherman and Marjorie Herrington the sum of Twenty Two Thousand Five Hundred Dollars and No Cents (\$22,500.00).
3. The parties shall each bear their respective costs including attorney 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 Claimants and assess forum fees made payable to the NASD, Inc. against Merrill Lynch, Pierce, Fenner & Smith, Inc. in the amount of \$375.00 and against William J. Grace, Jr. in the amount of \$1,125.00 as costs of the two hearing sessions conducted in this matter.

CONCURRING ARBITRATORS

/s/
Milton H. Lehrer

/s/
George R. Freund

/s/
Paul E. Barr