

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Ricardo D. Alvarado E.

Claimant

vs.

CASE #88-01005
AWARD

Merrill Lynch Pierce Fenner & Smith, Inc.
George Taylor
Richard Pluta

Respondents

CASE SUMMARY

Claimant Ricardo D. Alvarado E. alleged Respondents Merrill Lynch Pierce Fenner & Smith, Inc. and George Taylor engaged the Claimant in transactions without first obtaining his authority which were unsuitable given his financial situation which he had previously disclosed to the Respondents. The Claimant further alleged the Respondent George Taylor failed to disclose the risks inherent in the investment. At the hearing Claimant Ricardo D. Alvarado E. further amended his Statement of Claim and all allegations made against Respondent George Taylor were withdrawn and instead made against Respondent Richard Pluta. Respondents Merrill Lynch Pierce Fenner & Smith, Inc. and George Taylor maintained the Claimant, acting with full knowledge and notice of the facts, ratified, approved, acquiesced in and confirmed in all respects the acts complained of. Respondents further maintained the investments at issue were discussed with the Claimant on the trade date and that the investments were suitable for the Claimant. At the hearing Respondent Merrill Lynch Pierce Fenner & Smith, Inc. amended the Statement of Answer to reflect that it was being submitted on behalf of Respondent Richard Pluta as well.

RELIEF REQUESTED

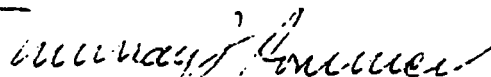
Claimant requested damages of \$11,167.19 plus punitive damages and expenses in the sum of \$2,500.00 and any other relief that the arbitrators deem just. Respondents requested dismissal of Claim, reasonable attorney's fees, costs and expenses and that the costs of the proceeding be assessed against the Claimant.

AWARD

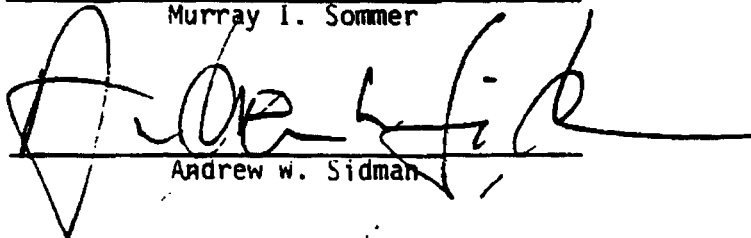
On November 2, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Ricardo D. Alvarado E. on March 22, 1988, and by Respondent Merrill Lynch Pierce Fenner & Smith, Inc. on June 16, 1988, and by the Respondent George Taylor on June 6, 1988, and by the Respondent Richard Pluta on November 2, 1989. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. located in New York City, NY and consisted of two hearing 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. The arbitration panel granted the Claimant's motion to allow him to further amend his Statement of Claim to substitute Richard Pluta as a Respondent in the arbitration and to withdraw his claim against Respondent George Taylor in its entirety.
2. The Respondents Merrill Lynch Pierce Fenner & Smith, Inc. and Richard Pluta be and hereby are liable jointly and severally and shall pay to the Claimant Ricardo D. Alvarado E. the sum of Nine Thousand Four Hundred Three Dollars and No Cents (\$9,403.00), interest specifically excluded.
3. The parties shall each bear their respective costs including attorneys' fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedures, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant. In addition, the Respondents Merrill Lynch Pierce Fenner & Smith, Inc. and Richard Pluta be and hereby are liable jointly and severally and shall pay to the National Association of Securities Dealers, Inc. the sum of Four Hundred Dollars and No Cents (\$400.00) to represent forum fees.

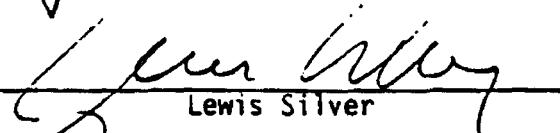
ARBITRATORS CONCURRING



Murray I. Sommer



Andrew W. Sidman



Lewis Silver

DATED: November 3, 1989