



N.A.S.D. AWARD

Arbitration

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, New York 10004

In the Matter of the Arbitration Between

Name of Claimant

Elie J. Baghdady

vs

88-01801

Name of Respondents

Merrill Lynch, Pierce, Fenner & Smith
Larry D. Sadler
John Voll

Heard before:

Name

Philip M. Giordano

Public/Industry

Public

Julien F. Begien

Public

W.J. Turner L. Cobden

Industry

CASE SUMMARY

This claim was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on June 21, 1988. Claimant, Elie J. Baghdady, alleges that as of December, 1981, he owned 17,750 shares of Teledyne stock which he received upon the sale of his business and stock splits. Claimant alleges that he informed Respondent, Larry D. Sadler, that he needed expert investment advice and strategies which could, with relative safety, reduce and hopefully eliminate margin indebtedness on \$600,000.00. Claimant alleges that said Respondent recommended that he transfer his stock to the Respondent brokerage firm, Merrill Lynch, Pierce, Fenner & Smith, Inc., where he would implement a "virtually risk free, options strategy which would reduce the margin indebtedness. Claimant further alleges that the strategies recommended by Respondents were unsuitable. Claimant contends that the sale of call options which were in the money were unauthorized and that Respondent failed to rescind such transactions as promised. Claimant alleges that Respondents violated Rules 10b-b of the Securities and Exchange Commission, breached their contract with Claimant, violated M.G.L. Ch. 93, Sec. 2(a) and Rules 4.1 and 9.9 of the Chicago Board Options Exchange.

In a Statement of Answer filed with the NASD on August 10, 1988, Respondents

OTHER ISSUES

Claimant's Motion to Exclude the transcript of Respondent, John Voll, who is now deceased is denied.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, \$14,000.00 in (\$1,000.00 per session x 14) forum fees are assessed as follows:

1. Respondent, Merrill Lynch, Pierce, Fenner & Smith, Inc. is assessed \$10,500.00 in forum fees;
2. Claimant is assessed \$3,500.00 in forum fees.

Forum fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrator Signature

Julien F. Begien
Julien F. Begien

DATED BY NASD
FEBRUARY 26, 1991

Date of Decision: 01-29-91