

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Christopher K. Chung
and
Scarlet S. Chung

Claimants

vs.

Merrill, Lynch, Pierce, Fenner & Smith
and
Richard J. Radigan

Respondents

AWARD

CASE #88-02032

SUMMARY OF ISSUES

This case was filed on July 5, 1988. claimants opened an investment account with Respondent on or about June, 1986. Claimants allege that they informed Respondents that the funds were earmarked for their retirement and therefore were to be invested conservatively. Subsequently, the Respondents placed the Claimants funds into stocks that were neither reasonable nor suitable in light of Claimants' stated investment goals. Claimant's also allege that the Respondents placed their stocks as security for margin transactions without first disclosing the risks inherent in such investments.

Respondents allege that Claimants were at all times aware of the risks involved on the investments made in their account and, in fact, had recommended that the Claimant sell certain investments and take their profits. Respondents stated that this advise was not heeded and the price of the stock held in their account dropped precipitously causing a margin call to issue. Respondents therefore deny each and every allegation made in Claimants claim.

DAMAGES AND RELIEF REQUESTED

Claimants seek to recover damages in excess of \$76,000.00 according to proof, and exemplary damages of not less then \$500,000.00.

Respondent seek dismissal of the claim in its entirety.

DAMAGES AND RELIEF AWARDED

On February 6, 1990 in San Diego, California the undersigned arbitrators heard the controversy in four sessions between the parties as set forth in submissions to arbitration signed by Claimant Christopher K. and Scarlet S. Chung on June 14, 1988 and by Respondents Merrill, Lynch, Pierce, Fenner and Smith and Richard J. Radigan on August 11, 1988. 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. Merrill, Lynch, Pierce, Fenner, and Smith, Inc. is solely liable and shall pay to Claimants Christopher K. and Scarlet S. Chung the sum of Thirty Two Thousand Five Hundred Dollars and No Cents (\$32,500.00).

2. All claims of claimants against Respondent Richard J. Radigan are dismissed.

3. The parties shall each bear their respective costs including attorneys' fees.

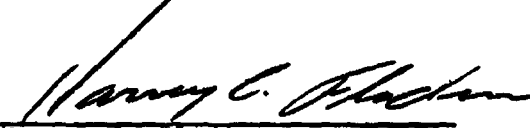
4. Pursuant to Section 43 of the National Association of Securities Dealers, Inc ("NASD") Code of Arbitration Procedure:

a. The NASD shall retain the \$750.00 filing fee previously deposited by the Claimant.

b. Respondent Merrill Lynch is assessed and shall pay to the NASD the sum of \$1500.00 in forum fees.

DATE SERVED: 03/16/90

ARBITRATORS CONCURRING


Harvey C. Flodin

Lewis C. Brown

Ronald V. Johnson

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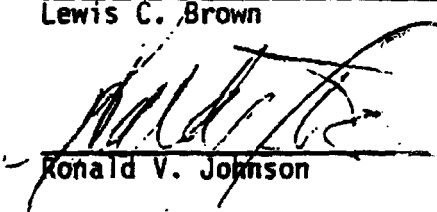
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