

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In The Matter of The Arbitration Between		} Award NASD #88-02484
Helen Georgi	Claimant	
vs.		
Merrill Lynch, Pierce, Fenner and Smith, Inc. and Kathryn Pancoast	Respondents	

SUMMARY OF ISSUES

This case was filed on August 8, 1988.

Claimant alleges the following: She asked Respondent Pancoast to invest \$102,700.00 for her in September 1985 and Pancoast placed the funds in unsuitable investments. While she approved each of the trades, Claimant was too ill to understand the consequences of the trades, and did not read her account statements and confirmations until May, 1987. Respondent failed to sell her Wells Fargo stock at 30 as instructed and that the Merrill Lynch issues she invested in were not conservative in nature.

Respondent contends that Claimant's stated investment objective was income, with "the most interest and greatest security," and all of the trades in her account were authorized and in accordance with her articulated investment objectives. Respondent further contends that there has been virtually no out-of-pocket loss in Claimant's account.

DAMAGES AND RELIEF REQUESTED

Claimant requested the following:

1. The sum of \$18,374.00 in losses incurred on July 24, 1986 on high income issues.
2. The sum of \$9,500.00 in losses incurred when securities were transferred from her daughter's account on August 21, 1986.
3. The sum of \$12,000.00 representing losses incurred during the month prior to September 26, 1986.

4. The sum of \$3,000.00 lost in March, 1987 on the Bank of America stock.

5. The sum of \$1,472.00 lost in April, 1987.

6. The sum of \$60.00 for an unauthorized withdrawal of principal which Claimant alleges she never received.

Claimant adjusted the total of the above figures to allow for "overlap" to an amount of \$50,000.00.

Respondents request dismissal of all claims.

DAMAGES AND RELIEF AWARDED

On June 2, 1989 in San Francisco, California, the undersigned arbitrators heard the controversy between the parties, in two sessions, as set forth in the submissions to the arbitrators signed by the Claimant on August 2, 1988 and by Respondents Merrill Lynch on March 10, 1989 and Kathryn Pancoast on April 24, 1989. 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. Each and every claim of Claimant is dismissed.

2. Respondent Kathryn Pancoast is solely liable for and shall pay to Claimant the amount of \$400.00 as reimbursement of the filing fee previously deposited by Claimant with the NASD.

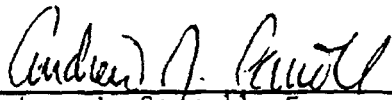
3. The parties shall each bear their respective costs including attorneys' fees.

4. Pursuant to Section 43 of the National Association of Securities Dealers, Inc. (NASD) Code of Arbitration Procedure, the NASD shall retain the \$400.00 filing fee previously deposited by the Claimant.

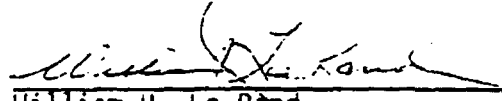
OTHER ISSUES

Not applicable.

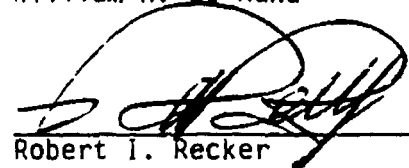
ARBITRATOR CONCURRING



Andrew J. Carroll, Esq.



William H. Le Rand



Robert I. Recker