

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between

Susan Jereski

Claimant

CASE #88-03928
AWARD

vs.

Merrill Lynch, Pierce, Fenner & Smith, Inc.
Norman Rockoff

Respondents

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CASE SUMMARY

Claimant, Susan Jereski, alleges that Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. and Norman Rockoff, breached their fiduciary duty to her, violated Sections 7 and 10b of the Securities and Exchange Act of 1934 and Rules 10b-5 and 10b-16 promulgated thereunder, violated Regulation T of the Federal Reserve Board and the "Know Your Customer" and "Suitability" Rules of the New York Stock Exchange and the National Association of Securities Dealers. Claimant further alleges that Respondents without authorization transformed her account into a margin account; failed to advise her of the risks and costs associated with a margin account; irresponsibly managed her account; made unauthorized, excessive and inappropriate purchases of non-income producing bonds on margin; purchased illiquid real estate partnerships; and, failed to liquidate account as instructed.

Respondents denies each and every allegation of wrongdoing and fraud and asserts two Affirmative Defenses. Respondents allege that all trades were consistent with Claimant's objectives and desires.

RELIEF REQUESTED

Claimant requests that the arbitration panel award her damages as follows:

- \$75,000.00 plus for the mismanagement of her accounts;
- \$20,000.00, the amount invested in the real estate partnerships;
- \$20,608.03, the losses on the UGMA College Fund Account;
- Punitive damages; and
- Attorneys' fees.

AWARD

On October 30, 1989, January 12, 1990 and February 22, 1990 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant, Susan Jereski on December 21, 1988 and by Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. and Norman Rockoff on April, 1989 and March 14, 1989 respectively. The hearing was conducted in New York City, NY and consisted of four 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. Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. and Norman Rockoff are hereby jointly and severally liable to the Claimant on the UGMA as follows:
 - (a) Two Thousand Five Hundred and Three Dollars and Seventy Cents (\$2503.70), the loss of the Lyons Bonds;
 - (b) Interest at a rate of nine percent (9%) on the \$73,751.85 investment on the Lyon Bonds from the period of May 28, 1986 through March 20, 1987, the period the bonds were held.
2. The claim for punitive damages is denied.
3. All other claims are denied.
4. The parties shall each bear their respective costs including attorneys' fees.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund the \$500.00 filing fee previously deposited by the Claimant.
6. Pursuant to Section 43 of the Code of Arbitration Procedure, Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. is assessed \$2,000.00 in forum costs which shall be made payable to the National Association of Securities Dealers, Inc.

CONCURRING ARBITRATOR



Richard H. Rosenblum

Dated: April 12th, 1990

AWARD

On October 30, 1989, January 12, 1990 and February 22, 1990 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant, Susan Jereski on December 21, 1988 and by Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. and Norman Rockoff on April, 1989 and March 14, 1989 respectively. The hearing was conducted in New York City, NY and consisted of four 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:

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CONCURRING ARBITRATOR


Mr. John Cirrito

Dated: April 30, 1990

AWARD

On October 30, 1989, January 12, 1990 and February 22, 1990 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant, Susan Jereski on December 21, 1988 and by Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. and Norman Rockoff on April, 1989 and March 14, 1989 respectively. The hearing was conducted in New York City, NY and consisted of four 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:

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CONCURRING ARBITRATOR

George G. Janis

Dated: April 16, 1990