

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	)	
Robert T. and Editha A. Hahn	)	
Claimants	)	
vs.	)	AWARD
Merrill Lynch, Pierce Fenner	)	
& Smith, Inc., and Patrick	)	
F. Sinclair	)	CASE NO. 89-01817
Respondents	)	

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on June 23, 1989. Claimants alleged that the index options trading and strategies recommended by Respondents were unsuitable, and that Respondents failed to limit Claimants losses to \$3,000.00 as previously agreed to between the parties.

Respondents denied the allegations and maintained that the Claimants were suitable for trading index options based upon their investment objectives, net worth, and previous trading experience, and that there was no agreement between the parties that Claimants positions would automatically be closed out when there was a \$3,000 unrealized loss in their account.

DAMAGES AND RELIEF REQUESTED

Claimants requested actual damages of \$19,045.00, interest at ten percent from December 1985 of \$8,570.00, attorney's fees of \$3,500.00 and return of the \$400.00 filing fee.

Respondents requested dismissal of the claim in its entirety.

DAMAGES AND RELIEF AWARDED

On August 14, 1990, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on June 3, 1989 and by

Respondents on August 7, 1989. The hearing was conducted in San Francisco, California and lasted two sessions. The arbitrator, 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:

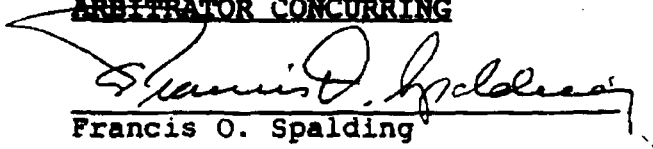
1. Claimants are awarded the sum of Four Thousand, Eight Hundred Dollars and Zero Cents (\$4,800.00) assessed against Respondents jointly and severally.
2. All other claims are dismissed.
3. The parties shall each bear their respective costs including attorneys fees.
4. In accordance with Section 43 of the NASD Code of Arbitration Procedure:
  - a) The NASD shall retain the \$400.00 filing fee previously deposited by the Claimant;
  - b) Respondents are jointly and severally assessed the sum of \$400.00 representing the filing fee and shall reimburse Claimants directly; and
  - c) Respondents are further jointly and severally assessed the sum of \$400.00 representing forum fees to be paid to the NASD directly.

OTHER ISSUES

Respondents' Third-Party Claim asserted against Robert Gruntz was stayed pursuant to the bankruptcy provisions of 11 U.S.C. Section 362.

ARBITRATOR CONCURRING

DATE SERVED: 09/20/90

  
Francis O. Spalding