

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

BOB EDWARD KENT AND MAXINE KENT

Claimant(s)

and

MERRILL LYNCH, PIERCE, FENNER
& SMITH, INC. AND RILEY ETHERIDGE

Respondent(s)

Case No. 89-02807

CASE SUMMARY

In a claim filed with the NASD on or about October 11, 1989, Claimants Bob Edward Kent and Maxine Kent ("Claimants") alleged that Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill") and Riley Etheridge ("Etheridge") (collectively as "Respondents") recommended and sold them an unsuitable investment in Collateralized Mortgage Obligation ("CMO's") in their Cash Management Account. Claimants also alleged that their account was churned.

In their joint answer filed with the NASD on or about November 30, 1989, Respondents denied that the Claimant's investment in CMO's was unsuitable for their stated investment objectives. Respondents also stated that the claim is barred by the doctrine of estoppel.

RELIEF REQUESTED

Claimant requested an award of an unspecified amount of money representing lost interest on the \$50,000.00 investment, restoration of the account balance to \$50,000.00 and \$30,000.00 in punitive damages.

Respondents requested that the statement of claim be dismissed.

AWARD

On Tuesday, July 10, 1990 in New Orleans, Louisiana during a hearing lasting one (1) session, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on October 5, 1989 by Claimants Bob Edward Kent and Maxine Kent, on November 30, 1989 by George Schieren on behalf of Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. and on December 6, 1989 by Respondent Riley Etheridge.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Merrill Lynch, Pierce, Fenner and Smith, Inc. shall be and hereby is liable for and shall pay to Claimants Bob Edward Kent and Maxine Kent the sum of Seven Thousand Seven Hundred Eighty Three Dollars and Fifty Six Cents (\$7,783.56);

2. All claims against Respondent Riley Etheridge shall be and hereby are dismissed in their entirety;

3. No punitive damages are awarded;

4. No interest is awarded on the above stated sum; and

5. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$400.00 filing fee previously deposited with the NASD by the Claimants Bob Edward Kent and Maxine Kent. Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. shall pay to the Claimants the \$400.00 fee deposited and shall pay to the NASD the sum of \$200.00 as the balance of hearing fees.

By the Panel

Dated: July 10, 1990

/S/ William Hawkland Jr.
Presiding Chair

Dated: July 10, 1990

/S/ Robert Reisfeld

Dated: July 10, 1990

/S/ Lee Murphy

Date Served: July 13, 1990