

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Patricia Hourvouras

89-02959

Name of Respondents

Merrill Lynch Pierce Fenner & Smith Inc
David Furman, and
Gordon Gainer

REPRESENTATION

For Claimant: Howard Stern, Esq. of the law firm of Stern, Steiger, Croland,
Tanenbaum & Schielke, P.A.

For Respondent: Brian F. Amery, Esq. of the law firm of Bressler, Amery &
Ross.

CASE INFORMATION

Statement of Claim filed: October 23, 1989.

Claimant's Submission Agreement signed on: November 28th, 1989.

Joint Statement of Answer filed by the Respondents on: February 20, 1990.

Respondent, Merrill Lynch Pierce Fenner & Smith, Inc.'s Submission Agreement
signed on: February 13, 1990.

Respondent, David Furman's Submission Agreement signed on: February 1, 1990.

Respondent, Gordon Gainer's Submission Agreement signed on: February 5, 1990.

HEARING INFORMATION

Pre- Hearing Conference Dates/ Session: November 9, 1990 - one session

Hearing Dates/Sessions: November 14, 1990 - two sessions
November 15, 1990 - two sessions
January 10, 1991 - two sessions
January 29, 1991 - two sessions
January 30, 1991 - two sessions
March 6, 1991 - two sessions

March 8, 1991 - two sessions
April 23, 1991 - two sessions
May 8, 1991 - two sessions
May 21, 1991 - one session
June 26, 1991 - one session

Hearing Location: NASD Office - New York City

CASE SUMMARY

Claimant, Patricia Ann Houvouras ("Claimant") alleged that Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch") and David Furman ("Furman") knew or should have known that Claimant's investment needs and objectives were for stable, income producing investments. Claimant alleged that Respondents knew she was and is a homemaker with no prospect of earning or receiving any income outside her divorce settlement and that Claimant bore responsibility for the care and support of her two minor children. Claimant alleged that Respondents placed her in investments and an investment strategy which was unsuitable to meet these objectives. Specifically, Claimant alleged that Furman failed to advise her of the risks associated with use of a margin account and that Furman churned her account. Claimant alleged that the Respondents breached their fiduciary duties that they owed to the Claimant and that Respondents Merrill Lynch and Gordon Gainer ("Gainer") failed to properly supervise both her account and the broker, Furman's, handling of her account. Claimant alleged that Merrill Lynch is responsible for the actions of its agents, Furman and Gainer, under the doctrine of Respondeat Superior.

Respondents categorically denied any wrongdoing concerning the opening and/or management of Claimant's accounts. Respondents' specifically maintained that every transaction in Claimant's account was authorized by her and that she was kept advised of the positions in her account, margin charges and commission charges through telephone calls, meetings, confirmations and monthly account statements. Respondents denied that the transactions in Claimant's account were unsuitable or that they breached any duty to Claimant and stated further that Gainer and Merrill Lynch fulfilled their supervisory responsibilities. Respondents maintained that Claimant's investment objectives, as discussed with Furman and as reflected on her new account form, were followed at all times. Respondents maintained that Claimant's account was not churned and that Claimant discussed all transactions with Furman prior to their execution and approved them before their execution. Respondents further maintained that a number of transactions represented unsolicited orders given by Claimant. Respondents further maintained that Claimant was a knowledgeable investor who relied on several different sources, including Furman, to make her investment decisions.

RELIEF REQUESTED

Claimant requested: Compensatory damages in the amount not less than \$969,515 plus interest, attorneys' fees and costs.

Respondents requested: That Claimant's claim be dismissed with prejudice, with costs of the arbitration assessed against her.

AWARD

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award be entered. In either case, the parties have agreed to receive conformed copies of the Award while the original(s) remain on file with the NASD.

After considering the pleadings, the testimony and the evidence presented at the hearing and arbitration briefs, the undersigned arbitrator(s) has/have decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondents Furman and Merrill Lynch are jointly and severally liable to the Claimant and shall pay to the Claimant the sum of NINETY THOUSAND AND 00/100 DOLLARS (\$90,000); inclusive of interest.
2. That Respondent Merrill Lynch is liable to the Claimant and shall pay the Claimant the sum of THREE HUNDRED TWENTY ONE THOUSAND AND 00/100 DOLLARS (\$321,000); inclusive of interest.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed:

Claimant shall pay forum fees in the amount of \$9,150. This amount reflects forum fees for 20 hearing sessions divided by 2 = \$10,000 plus 1 prehearing conference divided by 2 = \$10,150 minus filing fees deposit of \$1000 = \$9,150.

Respondents jointly and severally shall pay forum fees in the amount of \$10,150. This amount reflects forum fees for 20 hearing sessions divided by 2 = \$10,000 plus the fee for the 1 prehearing conference divided by 2 = \$10,150.

Fees are payable to the National Association of Securities Dealers, Inc.

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ARBITRATION PANEL

Name	Public/Industry
Deborah Sherman	Public Arbitrator
Yale Chenen	Public Arbitrator
Pauline Mistretta	Industry Arbitrator

Concurring Arbitrator's Signature


Deborah Sherman, Esq.

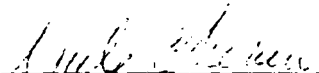
Date of Decision: August 1, 1991

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ARBITRATION PANEL

Name	Public/Industry
Deborah Sherman	Public Arbitrator
Yale Chenen	Public Arbitrator
Pauline Mistretta	Industry Arbitrator

Concurring Arbitrator's Signature



Yale Chenen

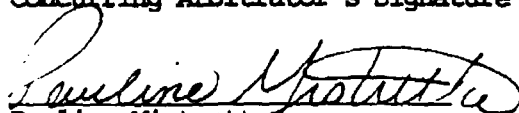
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ARBITRATION PANEL

Name	Public/Industry
Deborah Sherman	Public Arbitrator
Yale Chenen	Public Arbitrator
Pauline Mistretta	Industry Arbitrator

Concurring Arbitrator's Signature


Pauline Mistretta

Date of Decision: 7-28-91