

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :
: Ray R. and Myrtle L. Redd :
: Claimants :
: vs. : CASE #91-00823
: AWARD
Merrill Lynch, Pierce, Fenner & Smith, Inc.:
Brad Winters :
: Respondents :

CASE SUMMARY

Pro Se Claimants Ray R. and Myrtle L. Redd, in a claim filed with the National Association of Securities Dealers, Inc. on March 13, 1991, alleged that Respondent Brad Winters, while an account executive at Merrill Lynch, Pierce, Fenner & Smith, Inc. in Texas, recommended an unsuitable investment in Equitable Capital Partners, Limited Partnership, for his IRA account. Mr. Redd states that it was a shock to find that his IRA was unavailable to him for up to three years. They continue that Mrs. Redd requested Mr. Winters to invest her entire retirement package but that unknown to them he deposited 223 shares of Texas Instruments stock into a cash account which resulted in additional income tax which had to be paid now rather than at a later time and age.

Respondent Brad Winters, Pro Se, maintained that Mr. Redd selected the Limited Partnership after all pros and cons, including non-liquidity, had been discussed. He continues that Claimants received a prospectus. Mr. Winters states that it was his understanding that the 223 shares of Texas Instruments common stock were to be put into a separate cash account, and that Mr. Redd had sixty days to roll the stock over into a qualified plan if there was any problem; however, no complaint was received during that time period.

Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. by their counsel Christopher D. Cavuoti, New York, NY, filed a Statement of Answer on behalf of themselves and Mr. Winters wherein they reiterate Mr. Winters' position and state that Claimant's accounts were properly handled according to Claimant's instructions.

Claimants reply that Mr. Redd had requested an investment

where his money would be available to him and states that he does not believe that a limited partnership is a growth opportunity. They state that Mrs. Redd did not request a check and that she invested the entire amount she received from Texas Instruments. They state that they trusted Mr. Winter to do as they requested.

RELIEF REQUESTED

Claimants request that Merrill Lynch, Pierce, Fenner & Smith, Inc. purchase Mr. Redd's IRA at its original price and re-invest it in a more suitable stock and that Mrs. Redd be reimbursed for her Two Thousand Four Hundred Dollars (\$2,400) tax charge.

Respondents request that the Claim be denied in all respects and that the costs of this proceeding be assessed against the Claimants.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Howard V. Tygrett, Jr., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on March 6, 1991 and by the Respondents on May 6, 1991 and April 9, 1991, respectively;

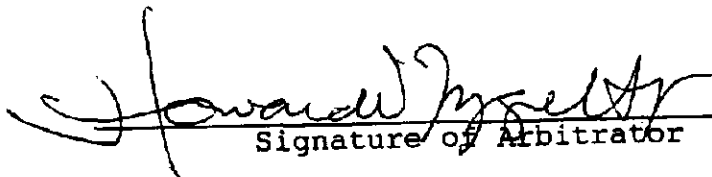
And, that the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. That the Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. and Brad Winters are jointly and severally liable and shall pay to Ray R. Redd the sum of Six Thousand Eight Hundred Thirty-Seven Dollars (\$6,837).
2. That Claimant Ray R. Redd shall sign all documents necessary to transfer ownership of the seven units of Equitable Capital Partners (Retirement Fund) Limited Partnership to Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc. upon receipt by Claimant Ray R. Redd of the \$6,837.00.
3. That the Claim of Myrtle L. Redd be, and hereby is, dismissed.

4. The parties shall bear their respective costs including attorney's fees.
5. The One Hundred Fifty Dollars (\$150) filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants shall be retained by the NASD, Inc. and is assessed jointly and severally against Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. and Brad Winters who shall pay One Hundred Fifty Dollars (\$150) to the Claimants Ray R. and Myrtle L. Redd.

AFFIRMATION

I, HOWARD V. TYGRET, JR., do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.


Signature of Arbitrator

DATED: 10/7/91