

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Norman and Harriett Schramm

91-02944

Name of Respondents

Merrill Lynch Pierce Fenner & Smith, Inc.  
Robert Springman

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REPRESENTATION

Claimants Norman and Harriett Schramm ("Claimants") were represented by Charles LaSata, Esq. of Globensky, Gleiss, Bittner & Hyms, P.C.

Respondents Merrill Lynch Pierce Fenner & Smith, Inc. and Robert Springman ("Respondents") were represented by Charles Ritter, Esq. of Miller Canfield Paddock and Stone.

CASE INFORMATION

Statement of Claim filed on: November 4, 1991.

Claimants' Submission Agreements signed on: October 8, 1991.

Joint Statement of Answer filed by Respondents on: January 2, 1991.

Respondent Merrill Lynch Pierce Fenner & Smith, Inc.'s Submission Agreement signed on: December 11, 1991.

Respondent Robert Springman's Submission Agreement signed on: December 11, 1991.

HEARING INFORMATION

Hearing Date/Sessions: June 8, 1992, 2 sessions

Hearing Location: Law offices of Schuitmaker, Millard, Clarke & Cooper, P.C.  
in Paw Paw, MI.

CASE SUMMARY

Claimants alleged that they opened up an IRA account with Respondent, Merrill Lynch Pierce Fenner & Smith, Inc. ("Merrill Lynch") in July of 1988 which was opened through conversation(s) with Respondent Robert Springman, a registered representative with Respondent Merrill Lynch. Claimants further alleged the money was transferred from two IRA accounts that Claimants had with a credit union and that Respondents did not place this money in a proper IRA account as Claimants had instructed, and because of the tax laws on IRA accounts, Claimants were required to pay additional taxes, including interest.

Respondents denied the claim of the Claimants. They alleged that at no time during the calendar year of 1988 were they informed either orally and/or in writing that these moneys were to be placed in an IRA account(s). Respondents requested attorney fees in the amount of \$9,000.00 that were incurred in Case No. 91-066-c2-T in the County of Berrien Circuit Court in as much as they alleged Claimants had violated provisions requiring arbitration in their account contract with Respondent Merrill Lynch.

RELIEF REQUESTED

Claimants requested damages in the amount of \$14,708.52 plus interest, costs and attorney fees.

Respondents requested that the claim of the Claimants be dismissed and requested damages in the amount of \$9,000.00 for attorneys fees.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. That Claimants' claims are denied in their entirety.
2. Claimants be and hereby are liable jointly and severally and shall pay to Respondent Merrill Lynch the sum of Nine Thousand Dollars and No Cents (\$9000.00), for violation of the account contract.
3. That each party shall bear their respective costs including attorneys' fees.

FORUM FEES

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

2 sessions x \$300 = \$600 minus hearing session deposit of \$300 = \$300 net due.

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall retain the \$75 non-refundable filing fee previously deposited by Claimants and the hearing session deposit previously submitted by Claimants.

The Respondents be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$300.00 to represent forum fees.

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

Concurring Arbitrator's Signature:

Name

Public/Industry

  
Donald A. Edwards, Esq./Chairman

  
Public Arbitrator

Date of Decision: July 15th, 1992