

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Faraidoon A. Oshtory
Khusmanil F. Oshtory

NASD Arbitration
No. 91-03476

Name of Respondents

Merrill Lynch, Pierce, Fenner & Smith, Inc.
Ricardo A. Granados
Larry Petty
Frank Quacinella

REPRESENTATION

For Claimant: Robert E. Thompson, Esq. - San Francisco, California

For Respondent: Charles L. Henderson, - Merrill Lynch - New York, New York

CASE INFORMATION

Statement of Claim filed: November 5, 1991

Claimant's Submission Agreement signed on: November 5, 1991

Joint Statement of Answer filed by Respondents on: March 4, 1992

Respondent, Ricardo A. Granados' Submission Agreement signed on: March 2, 1992

Respondent, Larry Petty's Submission Agreement signed on: February 11, 1992

Respondent, Merrill Lynch Pierce Fenner & Smith Inc.'s Submission Agreement signed on March 2, 1992

Respondent, Frank Quacinella's Submission Agreement signed on March 2, 1992

HEARING INFORMATION

Pre-Hearing Conference: None

Hearing Dates/Sessions: December 16, 1992 - Two Sessions
December 17, 1992 - Two Sessions
December 18, 1992 - Three Sessions
Total Sessions: Seven

Hearing Location: San Francisco, California

CASE SUMMARY

Claimants, Faraidoon A. Oshtory and Khushnail F. Oshtory (Oshtory) claim against Respondents, Merrill Lynch, Pierce, Fenner & Smith, Ricardo A. Granados, Larry Petty and Frank Quacinella for damages for securities fraud resulting from violations by each of the respondents of various laws including the Securities Exchange Act and various sections of the National Association of Securities Dealers' Rules of Fair Practice. Specifically, Oshtory claims for excessive trading in unsuitable options transactions.

Respondents alleged that Oshtory was made aware of the risks involved in options trading and that Oshtory controlled the account which was non-discretionary and not managed by the respondents.

RELIEF REQUESTED

Claimants requested damages in an amount in excess of \$30,000.00, punitive damages, prejudgment interest, costs and attorneys' fees.

Respondents requested dismissal of the claim in its entirety, costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

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

AWARD

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

1. Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc., and Ricardo A. Granados, are jointly and severally liable and shall pay to Claimants, Faraidoon A. Oshtory and Khushnail F. Oshtory, the sum of Twelve Thousand, Seven Hundred Seventy Four Dollars and No Cents (\$12,774.00).
2. Claimants' claim for prejudgment interest is denied.
3. Claimants' claim for punitive damages is denied.
4. Each and every claim of Claimants against Respondent, Larry Petty is dismissed.
5. Each and every claim of Claimants against Respondent, Frank Quacinella, is dismissed.
6. The parties shall each bear their respective costs and attorneys' fees.
7. Respondent, Merrill Lynch, Pierce, Fenner & Smith, Inc. shall reimburse to Claimants their hearing session deposit of \$400.00.

FORUM FEES

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

Merrill Lynch, Pierce, Fenner & Smith, Inc. is solely assessed the sum of \$2,400.00 representing fees for seven hearing sessions at \$400.00 each, less credit for the \$400.00 to be reimbursed to Claimants.

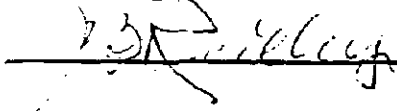
Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATORS

Name

Public/Industry
Public Chairperson
Industry Panelist
Public Panelist

Concurring Arbitrators' Signatures



Served Dec 31, 1992

Date of Decision: _____