

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Sylvia Stochak

95-00224

Name of Respondents

Merrill Lynch, Pierce, Fenner & Smith, Inc.  
Robert D. Player

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on January 16, 1995, Claimant Sylvia Stochak, who appeared Pro Se, alleged that Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch") and Robert D. Player ("Player"), in connection with the purchase of 85 U.S. Treasury Bonds 7.125s of 2/15/23 on September 23, 1994, quoted Claimant a market price for the bonds that included a mark-up, and failed to disclose prior to the purchase that Merrill Lynch owned the bonds, was acting as principal and that a mark-up would be charged. Claimant also alleged that Respondents never advised her of the meaning of the terms principal and agency. Claimant alleged that she called Player after receiving the trade confirmation, inquired about the difference between the confirm price and price listed in the New York Times, and was told that she received the market price at the time the order was placed, and that the price in the newspaper applied to million dollar bond buyers. Claimant alleged that withholding of this information deprived her of the opportunity to seek a better price for the securities from other broker-dealers.

Respondents Merrill Lynch and Player, through in-house counsel Christopher D. Cavuoti, Esq., New York, New York, denied any and all allegations of wrongdoing or liability. Respondents maintained that Player explained to Claimant prior to her purchase that bond prices quoted in the newspaper were institutional prices for large orders and could not be compared to retail trading. Respondents maintained that the price quoted to Claimant was correct and that prices listed in the New York Times are based on transactions of \$1 million or more, and are not applicable to odd-lot purchases. Respondents further maintained that when a firm acts as principal on a Treasury transaction as Merrill Lynch did in this situation, the mark-up is not required to be disclosed on the trade confirmation.

**RELIEF REQUESTED**

Claimant Sylvia Stochak requested \$1,000 in actual damages.

Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. and Robert D. Player requested that the Statement of Claim be denied and that the cost of this proceeding be assessed against Claimant.

**AWARD**

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single public Arbitrator, Richard W. Vallario, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on January 12, 1995, by Respondent Merrill Lynch on March 7, 1995, and by Respondent Robert D. Player on March 1, 1995.

And, 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. The Statement of Claim filed by Claimant Sylvia Stochak, is denied and dismissed in its entirety.
2. The parties shall bear their respective costs.
3. The \$30.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.

**AFFIRMATION**

I, **RICHARD W. VALLARIO, ESQ.**, do hereby affirm upon my oath of arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

A handwritten signature in cursive script, appearing to read "R. Vallario", is written over a horizontal line.

Signature of Arbitrator

**DATE OF DECISION: JUNE 13, 1995**