

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Albert R. Mull

95-01357

Name of Respondents

Merrill Lynch, Pierce, Fenner & Smith, Inc.
James A. Chippi

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 20, 1995, Claimant Albert R. Mull ("Claimant"), who appeared Pro Se, alleged that Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. ("MLPFS"), and James A. Chippi ("Chippi"), recommended unsuitable investments and that upon his requests for additional information full disclosures were not provided to him. Claimant further alleged that Chippi misstated or omitted material facts regarding investments in mutual funds including the Alliance, Fortress and Franklin funds and that he was not informed that these funds involved risk of principal. Claimant contended that over time Chippi placed increasing amounts of his portfolio into more risky and commission lucrative investments, which were against his investment stated objectives. Claimant further contended that he purchased six stock trades, but that they were limited to only \$25,000.00 which was a small percentage of his total portfolio. Claimant alleged that MLPFS may have inappropriately solicited shares of Euro Disney. Claimant further alleged that Chippi failed to execute an options trade and had an aversion to placing "sell stops" on his Morrison Knudsen and Walt Disney shares. Claimant contended that as a result of the above, he has suffered a loss for which the Respondents should be held liable.

Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. and James A. Chippi, through their representative counsel, Eric D. Lansverk, Esq., of Hillis, Clark, Martin & Peterson, P.S., located in Seattle, WA, maintained that Claimant opened an account at MLPFS in June of 1989. Respondents further maintained that Claimant expressed an interest in investing in areas with which he was unfamiliar. Respondents contended that options trading and the associated risks were explained to him at which time he opened an options account and made a trade. Respondents further contended that Claimant gave Chippi a list of bond mutual funds to research and that after prospectuses were provided he made a decision to purchase shares of Alliance Short-Term Multi Market ("ASTMM") and Merrill Lynch Short-Term Global Income Fund Inc. ("MLSTGI"). Respondents maintained that in February-March of 1991, Claimant purchase more shares of ASTMM and MLSTGI. Respondents further maintained that in April of 1991, Claimant decided to purchase shares of Franklin Adjustable U.S. Government Securities Fund ("FAGSF") and Merrill Lynch Retirement Global Bond Fund ("MLRGB") after receiving prospectuses

and other pertinent information. Respondents contended that in May of 1991, Claimant purchased shares of Cifra, and in January of 1992, purchased shares of Royal Appliance Mfg. Co. and Euro Disney. Respondents further contended that all three stock purchases were a result of discussions initiated by the Claimant. Respondents maintained that in January of 1992, Claimant also purchased shares of Fortress Adjustable Rate U.S. Government Fund, Inc. ("FARGF") and in April of 1992, he bought shares of Morrison Knudsen based on a tip from a hunting acquaintance. Respondents further maintained that in July of 1992, Claimant bought more shares of FARGF. Respondents contended that in September of 1992, Claimant sold his shares of MLSTGI for a loss and MLRGB for a gain. Respondents further contended that at this time Claimant expressed a dissatisfaction with the handling of his account and had it transferred to a new representative. Respondents maintained that Claimant was informed on numerous occasions about the risks of mutual fund investing. Respondents further maintained that as a result of the above, they should not be held liable.

RELIEF REQUESTED

Claimant Albert R. Mull, requested \$8,798.00 in actual damages.

Respondents Merrill Lynch, Pierce, Fenner & Smith, Inc. and James A. Chippi, requested that the claims of the Claimant be dismissed.

AWARD

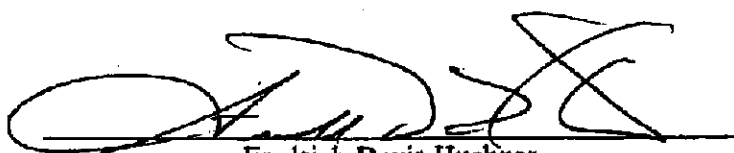
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Fredrick Davis Huebner, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Albert R. Mull, on March 14, 1995, and by the Respondent Merrill Lynch, Pierce, Fenner & Smith, Inc., on May 2, 1995, and by Respondent James A. Chippi, on May 3, 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 claims of the Claimant Albert R. Mull, against Respondents Merrill Lynch, Pierce, Fenner & Smith Inc. and James A. Chippi, are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Albert R. Mull, shall be retained by the NASD, Inc.

AFFIRMATION

I, **Fredrick Davis Huebner**, 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.



Fredrick Davis Huebner

DATE OF DECISION: November 27, 1995