

NASD AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Name of Claimants

J. Charles Collins, Jr.
Freda Collins

and

NASD Case Number: 95-01819

Name of Respondents

R. Jackson Little
Merrill Lynch Pierce Fenner & Smith, Inc.

REPRESENTATION OF PARTIES

Claimants, J. Charles Collins, Jr. and Freda Collins were represented by James E. Stovall, Esq., Metairie, Louisiana.

Respondents, R. Jackson Little and Merrill Lynch, Inc. were represented by W.L. West, Esq. of Lemle & Kelleher, L.L.P., New Orleans, Louisiana.

CASE INFORMATION

The Statement of Claim was filed with the National Association of Securities Dealers, Inc. ("NASD") by Claimants, J. Charles Collins, Jr. and Freda Collins on or about April 17, 1995.

Claimants' Submission Agreement was signed on March 13, 1995.

The Statement of Answer was filed with the NASD by Respondents, R. Jackson Little and Merrill Lynch, Inc. on or about July 11, 1995.

Respondent, Merrill Lynch, Inc.'s Submission Agreement was signed on July 11, 1995 by Douglas H. Jones, Resident Vice President of Merrill Lynch, Inc.

Respondent, R. Jackson Little's Submission Agreement was signed on July 11, 1995.

HEARING INFORMATION

The hearing was held on January 10, 1996 in New Orleans, Louisiana for two (2) sessions.

CASE SUMMARY

Claimant, J. Charles Collins ("Claimant") had power of attorney over the account of Frank F. Collins. The account contained two separate issues of bonds issued by Jefferson Guaranty Bank, Class A secured debentures and Class B subordinated debentures. Respondent, R. Jackson Little ("Respondent") was a registered representative with Respondent, Merrill Lynch, Inc.

Claimant maintained that Jefferson Guarantee Bank ("Bank") had reached a point of financial dishevelment. Claimant asserted that the Bank offered to redeem the Class B debentures by paying the holders twenty-five cents on the dollar. Claimant also contended that the Bank stated that it would call the Class A debentures at one hundred cents on the dollar.

Claimant alleged that he instructed Respondent to tender the Class A debentures. Claimant further alleged that he instructed Respondent not to tender the Class B debentures. Claimant maintained that he informed Respondent to ignore requests from the Bank to redeem the Class B debentures. Claimant contended that the Class B debentures had a face value of \$132,000. Claimant alleged that, despite his instructions to the contrary, Respondent tendered the Class B debentures for twenty-five percent of face value, or \$33,000.

Respondents, R. Jackson Little ("Respondent") and Merrill Lynch, Inc. denied any liability to Claimants in their Answer. Respondent alleged that, per Claimant's instructions, Respondent entered instructions to tender the Class A debentures. Respondent contended that he received a call from the expirations department in New York advising him that, in order to tender the Class A debentures, the Class B debentures had to be tendered as well.

Respondent alleged that, upon learning this, he made numerous attempts to contact Claimant to no avail. Respondent contended that he was advised by the expirations department in New York that there was a high probability that if he did not tender the Class B securities they would become worthless. Respondent alleged that he waited until the last day before the tender offer expired and then tendered the Class B debentures. Respondent further alleged that he had to tender the Class B debentures in order to comply with Claimant's instruction to tender the Class A debentures.

RELIEF REQUESTED

Claimants requested an award of compensatory damages in the amount of \$99,000, plus accrued interest. Claimants further requested an award of punitive damages. Claimants also requested an award of their costs and attorney's fees.

Respondents requested that the Statement of Claim be dismissed in its entirety. Respondents also requested an award of their costs and attorney's fees.

OTHER ISSUES CONSIDERED & DECIDED

Respondents' Motion to Dismiss was denied in its entirety.

The parties have agreed to receive conformed copies of the award while the original(s) 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, R. Jackson Little and Merrill Lynch, Inc. are jointly and severally liable and shall pay to Claimants, J. Charles Collins, Jr. and Freda Collins compensatory damages in the amount of One Hundred and Twenty One Thousand Five Hundred and Fifty Five Dollars and No Cents (\$121,555.00), inclusive of interest;
2. Claimants' request for punitive damages is hereby denied;
3. Respondent, Merrill Lynch, Inc. shall pay all forum fees incurred in this matter;
4. The parties shall each bear their own costs, expenses and attorneys' fees incurred in this matter; and
5. Any relief not specifically enumerated is hereby denied.

FORUM FEES

Forum fees are calculated at the rate of \$750 per hearing session. There were two (2) hearing sessions x \$750 = \$1,500 in forum fees. Pursuant to §43(b) a hearing session is any meeting

between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to §43(c) of the NASD Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("NASD") shall retain the non-refundable filing fee in the amount of \$200 previously deposited with the NASD by the Claimants. The NASD shall refund the hearing session deposit in the amount of \$750 previously deposited with the NASD by the Claimants.

Respondent, Merrill Lynch, Inc. is assessed and shall pay to the NASD forum fees in the amount of \$1,500. Respondent, Merrill Lynch, Inc. is assessed and shall pay to the NASD the Section 45 Member Surcharge in the amount of \$350.

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

Concurring Arbitrators' Signatures

\c\ Daniel E. Bivins, III

Daniel E. Bivins, III
Chairperson
Public Arbitrator

January 15, 1996

Dated:

\c\ James H. Basket, III

James H. Basket, III
Panelist
Public Arbitrator

January 17, 1996

Dated:

\c\ James M. Benson, Jr.

James M. Benson, Jr., Esq.
Panelist
Industry Arbitrator

January 22, 1996

Dated:

For NASD use only:

Date award served on the parties: February 1, 1996