

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Edith Blatt

95-03582

Name of Respondents

Merrill, Lynch, Pierce, Fenner & Smith, Inc.
Aquatia L. Owens

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 24, 1995, Claimant Edith Blatt ("Claimant"), through her representative, David Lazer, Esq., of Lazer, Aptheker, Feldman, Rosella & Yedid, LLP, located in Melville, NY, alleged that Respondents Merrill, Lynch, Pierce, Fenner & Smith, Inc., and Aquatia L. Owens ("Respondents"), misrepresented the implications of the automatic credit line feature contained in the Capital Builder Account Agreement signed by Claimant in June, 1992. Claimant further alleged that Respondents during the period extending from mid 1992 to end of 1994, purchased numerous securities, using the credit line feature, incurring substantial interest charges and rendering these investments unsuitable for Claimant's investment objectives of safety at principal/growth of capital. Claimant contended that as the result of the above, she has suffered a loss for which the Respondents should be held liable.

Respondents Merrill Lynch Pierce Fenner & Smith Inc. and Aquatia L. Owens, through their representative and in-house counsel, Christopher D. Cavouti, Esq., maintained that they fairly represented to Claimant the credit line feature contained in the Capital Builder Agreement, disclosing all relevant risks. Respondents further maintained that Claimant understood all relevant risks, and agreed to implement the proposed margin strategy. Respondents contended that Claimant was notified when the margin was used to purchase a security, and that Claimant expressed satisfaction with enhanced income derived from the margin strategy. Respondents further contended that because their use of margin was proper, authorized, suitable, and consistent with Claimant's request for more income, they should not be held liable.

RELIEF REQUESTED

Claimant Edith Blatt, requested \$10,000.00 in actual damages.

Respondents Merrill Lynch Pierce Fenner & Smith Inc. and Aquatia L. Owens, requested that the claims of the Claimant be dismissed in their entirety.

AWARD

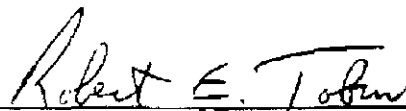
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Robert E. Tobin, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Edith Blatt, on July 13, 1995, and by the Respondent Merrill Lynch Pierce Fenner & Smith Inc., on September 25, 1995, and by Respondent Aquatia L. Owens, on September 21, 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. Respondents Merrill Lynch Pierce Fenner & Smith Inc. and Aquatia L. Owens, are jointly and severally liable and shall pay to the Claimant Edith Blatt, \$6,295.76 in actual damages resulting from margin interest charges.
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 Edith Blatt, shall be retained by the NASD, Inc. The Respondents Merrill Lynch Pierce Fenner & Smith Inc. and Aquatia L. Owens, are jointly and severally liable and shall pay to the Claimant Edith Blatt, \$75.00 as reimbursement for the filing fee.
4. All other relief requests are denied.

AFFIRMATION

I, **ROBERT E. TOBIN**, 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.



Signature of Arbitrator

DATE OF DECISION: January 12, 1996