

PHILADELPHIA STOCK EXCHANGE, INC.

In the Matter of Arbitration Between :
:
William P. Donaghy, : Decision
Claimant : Public Customer Formal
v. : Claim File #95-27
Merrill Lynch, Pierce, :
Fenner & Smith, Inc. :
Respondent :
:

Claimant filed a Statement of Claim and notarized Submission Agreement with the Philadelphia Stock Exchange ("Exchange") which was received by the Exchange on August 18, 1995. Claimant alleged claims of: breach of contract; breach of fiduciary duty; failure to supervise; negligence; violations of federal and state securities laws; and violations of the various rules and regulations of the securities exchanges and/or associations. Claimant sought to recover damages in the amount of \$18,330.00 plus interest, attorneys fees and costs. Respondent filed an Answer with the Exchange on or about September 25, 1995. On January 3, 1996 the Respondent filed a Motion to Dismiss the Statement of Claim ("Motion") which was responded to by Claimant on January 22, 1996. On February 7, 1996 the Exchange's Director of Arbitration granted Respondent's Motion pursuant to Section 11 of PHLX Rule 950. Upon Claimant's request, on April 1, 1996 this panel reconsidered the Respondent's Motion and denied the same. The hearing on the merits was conducted on August 16, 1996 at the Exchange. Thomas Johanson, Chairman, Robert Ratti and Julian Santos presided as the appointed and confirmed arbitrators.

After having reviewed the presentations of the parties it is hereby unanimously determined and decided in favor of Claimant and against Respondent in the amount of \$1,519.00 on all claims. Further, the panel directs the Respondent to review its policies and procedures with regard to monies received via transfers. Costs in the amount of \$1,500.00 have been equally assessed against the parties. Claimant is credited with his \$500.00 initial deposit and therefore needs only to remit an additional \$250.00 to the Exchange within the next ten business days. Respondent is to remit \$750.00 made payable to the Philadelphia Stock Exchange, Inc., and to be forwarded to the attention of the Arbitration Department within the next ten business days.

Respectfully Submitted,

Dated: 8/16/96

Thomas Johanson
Panel Chairperson

Robert Ratti

Julian Santos