

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Roy E. and Jimmie M. Chatham

96-00387

Name of Respondent

Merrill Lynch, Pierce, Fenner, & Smith Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on January 26, 1996, Claimants Roy E. and Jimmie M. Chatham ("Claimants"), who appeared Pro Se, alleged that Respondent Merrill Lynch, Pierce, Fenner, & Smith Inc. ("Respondent") gave the Claimant unsuitable investment advice. Claimants further alleged that they informed Respondent's agent, Mr. Kelley at their initial meeting that they had little money and as a result any investment they made had to be secure. Claimants asserted that they believed that their investment in the Alliance Short Term Multi Market Class A mutual fund which was recommended by Mr. Kelley was a secure investment or else they would not have written a check for \$2250 and transferred their IRAs'. Claimants further asserted that a few months after the initial transaction, Mr. Kelly contacted them about making another contribution to their IRA accounts and about other investments Claimants might be interested in. Claimants contended that a friend of theirs, who is in the financial industry, looked at their investments and informed them that they were speculative in nature and they immediately pulled the funds out. Claimants further contended that due to the wrongdoing of the Respondent they suffered damages for which they should be held liable.

Respondent Merrill Lynch, Pierce, Fenner, & Smith Inc. ("Respondent"), through their representative and in-house counsel, Christopher D. Cavuoti, Esq., maintained that they acted in a reasonable manner, consistent with their obligations and responsibilities. Respondent further maintained that Claimants received full disclosure about the risks regarding their purchases which enabled them to make a knowledgeable and informed decisions to invest in the fund. Respondent contended that Claimants purchased stocks solely from their friend's advice and not from the advice of Mr. Kelley. Respondent further contended that on a total return basis, Claimant Jimmie Chatham realized a profit in her account, while Claimant Roy Chatham realized a slight loss. Respondent maintained that Claimants were willing to assume market action fluctuation in anticipation of favorable returns. The Respondents contended that Claimants voluntarily undertook these investments, that it committed no wrongdoing, and that it should not be held liable in this matter.

RELIEF REQUESTED

Claimants Roy E. and Jimmie M. Chatham requested \$1,552.77 in actual damages and \$1,552.77 in punitive damages.

Respondent Merrill Lynch, Pierce, Fenner, & Smith, Inc. requested that the claims of the Claimants be dismissed.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, B. Jeffrey Pence, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants Roy E. and Jimmie M. Chatham on February 12, 1996 and by the Respondent Merrill Lynch, Pierce, Fenner & Smith Inc. on April 12, 1996.

And, the Arbitrator, having considered the proof of the parties, has decide and determined in full and final resolution of the issues submitted for determination as follows:

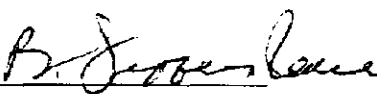
1. The claims of the Claimants Roy. E. and Jimmie M. Chatham against Respondent Merrill Lynch, Pierce, Fenner, & Smith, Inc. are dismissed in their entirety.
2. All other relief requests are denied.
3. The parties shall bear their respective costs.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Roy E. and Jimmie M. Chatham shall be retained by the NASD., Inc.

AFFIRMATION

STATE OF ARKANSAS

COUNTY OF PULASKI

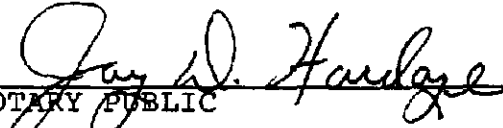
I, B. Jeffrey Pence, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.


Signature of Arbitrator

DATE OF DECISION:

SUBSCRIBED AND SWORN TO before me a Notary Public on
this _____ day of _____, 1996.

My Commission Expires:


NOTARY PUBLIC

