

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Glenn B. Crane

96-00728

Name of Respondents

Merrill Lynch Pierce Fenner & Smith Inc
Douglas C. Horn

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 20, 1996, claimant Glenn B. Crane ("claimant"), who appeared Pro Se, alleged that respondents Douglas C. Horn ("Horn") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), gave him bad investment advice. Claimant further alleged that on July 7, 1993, Merrill Lynch purchased 175 shares of Tseng Labs stock for his IRA account based on Horn's recommendation. Claimant also alleged that when he requested background information and analysis, Horn informed him that Merrill Lynch did not track the stock and had no information on Tseng Labs. Claimant contended that he was not at all familiar with Tseng Labs. Claimant further contended that on August 18, 1993, Horn persuaded him to purchase 200 more shares of Tseng Labs. Claimant also contended that the stock lost approximately 1/3 of its value within several months after the second purchase. Claimant asserted that when he asked about selling the stock, Horn advised him to hold onto Tseng Labs, because it had a record of coming back to new highs. Claimant further asserted that Horn discouraged him from his own stock recommendations.

Respondents Douglas C. Horn ("Horn") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch")(collectively referred to as "respondents"), through their representative and in-house counsel Christopher D. Cavuoti, maintained that claimant's investment objectives were growth and income. Respondents further maintained that in July 1993, claimant elected to speculate or purchase securities rated speculative risk with a portion of his account. Respondents also maintained that on several occasions claimant indicated to respondent Horn the desire to assume additional risk, specifically requesting speculative companies with faster growth potential. Respondents contended that respondent Horn provided claimant with research and information on various speculative stocks, including Tseng Labs. Respondents further contended that claimant purchased an additional 200 share of Tseng Labs after a small appreciation in the price of the stock. Respondents also contended that claimant would ask respondent Horn his opinion on various stocks, including which stocks Merrill Lynch had a favorable opinion on. Respondents maintained that claimant discussed with respondent Horn about whether to hold or sell Tseng Labs on several occasions subsequent to his second purchase. Respondents further maintained that they both acted in a commercially reasonable manner consistent with their obligations and responsibilities toward claimant.

RELIEF REQUESTED

Claimant Glenn B. Crane requested; \$2,500.00, representing his actual damages from the investment.

Respondent Douglas C. Horn and Merrill Lynch, Pierce, Fenner & Smith Incorporated requested the claim of the claimant be dismissed; with costs of this proceeding being assessed against claimant.

AWARD

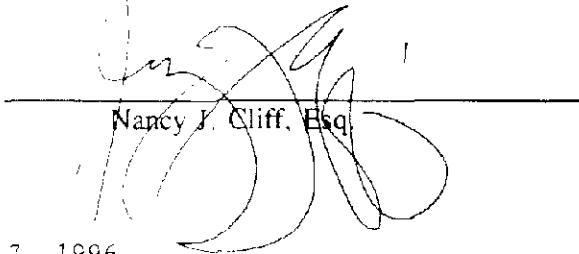
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator Nancy J. Cliff, was selected to review the matter in controversy between the parties set forth in submission to Arbitration signed by the claimant Glenn B. Crane on February 2, 1996, and by respondents Douglas C. Horn and Merrill Lynch, Pierce, Fenner and Smith Incorporated on April 9, 1996.

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 Glenn B. Crane against respondents Douglas C. Horn and Merrill Lynch, Pierce, Fenner and Smith Incorporated are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$50.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the claimant shall be retained by the NASD, Inc.

AFFIRMATION

I, **NANCY J. CLIFF**, 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.



Nancy J. Cliff, Esq.

Date of Decision: July 17, 1996