

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

In the Matter of the Arbitration Between

Name of Claimants

Mool Raj and Lalita Chadha

96-03137

Name of Respondents

Merrill Lynch Pierce Fenner & Smith Inc
Zoraida T. May

REPRESENTATION

For claimants Mool Raj and Lalita Chadha ("claimants") appeared their representative Greg Goodman, Esq. of the law firm Goodman & Goodman located in Mount Sinai, New York.

For respondent Merrill Lynch Pierce Fenner & Smith, Inc. ("MLPFS") appeared its representative and in-house counsel Charles L. Henderson, Esq.

Respondent Zoraida T. May ("May") appeared Pro Se.

CASE INFORMATION

Statement of Claim filed: July 22, 1996.

Claimants' Submission Agreement signed on: July 15, 1996.

Joint Statement of Answer filed by respondents on: September 12, 1996.

Respondent MLPFS's Submission Agreement signed on: September 12, 1996.

Respondent May's Submission Agreement signed on: August 5, 1996.

HEARING INFORMATION

Hearing Dates/Sessions:	April 21, 1997	-	two sessions
	April 22, 1997	-	one session

The hearings were conducted at the offices of the National Association of Securities Dealers Regulation located at 125 Broad Street, New York, New York.

CASE SUMMARY

Claimants alleged that they held an account with respondent MLPFS and that respondent May was their account executive. Claimants further alleged that on October 31, 1995, Mr. Chadha instructed May to purchase 2,000 shares of UUNET Technologies, Inc. ("UUNET") on margin which was accomplished without incident. Claimants also alleged that on November 2, 1995 May sold the shares without authorization. Claimants contended that upon complaining to May she admitted that the trade should not have been made but that she had done it because she believed that the price was going to go down. Claimants further contended that the price went up and due to this reason they were unable to purchase back the full 2000 shares on margin. Claimants also contended that they made this transaction through Richard Daly because May was not available. Claimants asserted that on November 17, 1995 Mr. Chadha brought a \$35,000.00 check to May only to learn that May had sold the recently purchased shares to satisfy a margin call. Claimants further asserted that they did not received adequate time to address the margin call before the sale and could have selected other securities in their account to satisfy the margin call. Claimants also asserted that the price went up significantly in value and that they did not gain from the increase because of the wrongful acts of May and MLPFS. Claimants alleged that they complained to MLPFS but did not receive an acceptable answer.

Respondents maintained that claimants held a joint accounts with MLPFS and that Mr. Chadha made all the decisions and was an experienced aggressive investor. Respondents further maintained that May began handling the account in 1995 and was instructed by Mr. Chadha that he wanted to make quick profits. Respondents also maintained that Mr. Chadha instructed her to purchase UUNET and to sell it when he made a \$10,000.00 profit. Respondents contended that May complied with this instruction selling the shares on November 2, 1995. Respondents further contended that claimants again instructed MLPFS through Daly to purchase more shares of UUNET but were later sold to meet an outstanding and over-due call but resulted in a profit for claimants. Respondents also contended that the second sale was required by Exchange regulations.

RELIEF REQUESTED

Claimants requested \$69,000.00 in damages plus costs, expenses, disbursements, reasonable attorney's fees, punitive damages of \$31,000.00 and other such relief as the panel deems appropriate.

Respondents requested that the claims be dismissed in their entirety plus an award of costs and expenses.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with NASD Regulation.

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. The claims of claimants Mool Raj and Lalita Chadha against respondents Merrill Lynch Pierce Fenner & Smith, Inc. and Zoraida T. May are dismissed in their entirety.
2. The parties shall bear their respective attorney's fees and costs.
3. All other relief requests are denied.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation shall retain the \$150.00 non-refundable filing fee previously deposited by claimants and have assessed the following forum fees:

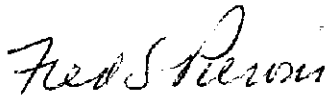
Three Sessions x \$500.00	= \$1,500.00
Minus claimants' \$500.00 deposit	= <u>\$ 500.00</u>
total outstanding	= \$1,000.00

Claimants be and hereby are jointly and severally liable for the sum of \$750.00 representing one-half of the total amount of forum fees assessed. Claimants previously deposited \$500.00 with NASD Regulation. Therefore, claimants shall pay to NASD Regulation \$250.00 in outstanding forum fees.

Respondents Merrill Lynch Pierce Fenner & Smith, Inc. and Zoraida May be and hereby are jointly and severally liable for the sum of \$750.00 representing one-half of the total amount of forum fees assessed. Therefore, respondents shall pay to NASD Regulation \$750.00 in satisfaction of outstanding forum fees.

ARBITRATORS' SIGNATURES

I, Fred S. Pieroni, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.



Fred S. Pieroni
Public Chairperson

I, Peter A. Goldman, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Peter A. Goldman, Esq.
Public Arbitrator

I, John J. Lynch, Jr., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

John J. Lynch, Jr.
Industry Arbitrator


Date of decision: June 5, 1997

ARBITRATORS' SIGNATURES

I, Fred S. Pieroni, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Fred S. Pieroni
Public Chairperson

I, Peier A. Goldman, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.


Peter A. Goldman, Esq.
Public Arbitrator

I, John J. Lynch, Jr., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

John J. Lynch, Jr.
Industry Arbitrator

Date of decision: June 5, 1997

ARBITRATORS' SIGNATURES

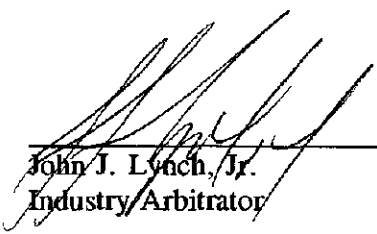
I, Fred S. Pieroni, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Fred S. Pieroni
Public Chairperson

I, Peter A. Goldman, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Peter A. Goldman, Esq.
Public Arbitrator

I, John J. Lynch, Jr., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.



John J. Lynch, Jr.
Industry Arbitrator

Date of decision: June 5, 1997