

**MSRB**  
MUNICIPAL SECURITIES RULEMAKING BOARD

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MSRB

In the Matter of the Arbitration between :  
:  
MILTON GRALLA AND SHIRLEY GRALLA, :  
Claimants, :  
v. :  
MERRILL LYNCH, PIERCE, FENNER, & SMITH, INC., :  
Respondent, :  
:

AWARD

MS90-14  
SC0-009

The Undersigned, pursuant to section 31 of MSRB rule G-35, hereby states as follows:

**CASE SUMMARY**

Claimants allege that Respondent acted improperly in removing in January 1990 from Claimants' account without adequate explanation \$35,000 face amount of bonds that had been called pursuant to a redemption notice. Claimants also allege that Respondent failed to provide Claimants with adequate written confirmation or documentation that their bonds had been called, despite their repeated requests for same, and that the various explanations given by Respondent were late and inconsistent with each other.

Respondent denies Claimants' allegations. Respondent argues, among other things, that it acted in accordance with instructions from the agent for the issuer of the bonds, and that Claimants' bonds were properly selected for redemption. Respondent also contends that it forwarded to Claimants, upon their request, in January, February and March, 1990, all available documentation regarding the call of their bonds. Respondent further contends that its explanations were timely and adequate.

**RELIEF REQUESTED**

Claimants request that the bonds be restored to their account or that they be awarded damages of \$7,900, for lost interest to maturity, or damages of \$6,000, for lost premium value. Claimants also request that unspecified punitive damages.

Respondent requests that Claimants' claim be denied in all respects and that the cost of this proceeding be assessed against Claimants.

AWARD

On August 2, 1990, in New York City, New York, the undersigned arbitrator heard the controversy between the parties set forth in a submission to the arbitrator signed by Claimants on February 17, 1990 (filed with the MSRB on February 21, 1990) and by Respondent on March 28, 1990. The undersigned, having considered the pleadings, the testimony and the evidence presented at the hearing, has determined, in full and final resolution of the issues submitted for determination, that the claims of the Claimants are dismissed in their entirety, and that Claimants' \$200 arbitration deposit shall be refunded to the Claimants by the MSRB and assessed against the Respondent as forum fees, pursuant to MSRB rule A-16(2).

Alan S. Farnell

Alan S. Farnell

Dated: October 2, 1990

STATE OF  
COUNTY OF

Illinois  
Cook

s.s.:

On this 2nd day of October, 1990, before me personally appeared Alan S. Farnell to me known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

M. J. Farnell

