



IAPD Report

GERALD JOSEPH FASANELLA

CRD# 849312

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.



IAPD Information About Representatives

IAPD offers information on all current-and many former representatives. Investors are strongly encouraged to use IAPD to check the background of representatives before deciding to conduct, or continue to conduct, business with them.

What is included in a IAPD report?

IAPD reports for individual representatives include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards.

It is important to note that the information contained in an IAPD report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

Where did this information come from?

The information contained in IAPD comes from the Investment Adviser Registration Depository (IARD) and FINRA's Central Registration Depository, or CRD, (see more on CRD below) and is a combination of:

- information the states require representatives and firms to submit as part of the registration and licensing process, and
- information that state regulators report regarding disciplinary actions or allegations against representatives.

How current is this information?

Generally, representatives are required to update their professional and disciplinary information in IARD within 30 days.

Need help interpreting this report?

For help understanding how to read this report, please consult NASAA's IAPD Tips page <http://www.nasaa.org/IAPD/IARReports.cfm>

What if I want to check the background of an Individual Broker or Brokerage Firm?

To check the background of an Individual Broker or Brokerage firm, you can search for the firm or individual in IAPD. If your search is successful, click on the link provided to view the available licensing and registration information in FINRA's BrokerCheck website.

Are there other resources I can use to check the background of investment professionals?

It is recommended that you learn as much as possible about an individual representative or Investment Adviser firm before deciding to work with them. Your state securities regulator can help you research individuals and certain firms doing business in your state. The contact information for state securities regulators can be found on the website of the North American Securities Administrators Association <http://www.nasaa.org>



Report Summary

GERALD JOSEPH FASANELLA (CRD# 849312)

The report summary provides an overview of the representative's professional background and conduct. The information contained in this report has been provided by the representative, investment adviser and/or securities firms, and/or securities regulators as part of the states' investment adviser registration and licensing process. The information contained in this report was last updated by the representative, a previous employing firm, or a securities regulator on **06/14/2023**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
IA	HERON EQUITY MANAGEMENT, LLC	CRD# 307350	02/22/2022

QUALIFICATIONS

This representative is currently registered in **0** SRO(s) and **1** jurisdiction(s).

Is this representative currently Inactive or Suspended with any regulator? **No**

Note: Not all jurisdictions require IAR registration or may have an exemption from registration. Additional information including this individual's qualification examinations and professional designations is available in the Detailed Report.

REGISTRATION HISTORY

This representative was previously registered with the following firm(s):

	FIRM	CRD#	LOCATION	REGISTRATION DATES
IA	CETERA ADVISORS LLC	10299	MELBOURNE, FL	01/23/2014 - 08/07/2019
B	CETERA ADVISORS LLC	10299	MELBOURNE, FL	01/21/2014 - 08/07/2019
B	NEXT FINANCIAL GROUP, INC.	46214	MELBOURNE, FL	09/11/2009 - 01/22/2014

For additional registration and employment history details as reported by the individual, refer to the Registration and Employment History section of the Detailed Report.

DISCLOSURE INFORMATION

Disclosure events include certain criminal charges and convictions, formal investigations and disciplinary actions initiated by regulators, customer disputes and arbitrations, and financial disclosures such as bankruptcies and unpaid judgments or liens.

Are there events disclosed about this representative? **Yes**

The following types of events are disclosed about this representative:

Type	Count
Customer Dispute	8



Qualifications

REGISTRATIONS

This section provides the SRO, states and U.S. territories in which the representative is currently registered and licensed, the category of each registration, and the date on which the registration becomes effective. This section also provides, for each firm with which the representative is currently employed, the address of each location where the representative works. This individual is currently registered with **1** jurisdiction(s) and **0** SRO(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **HERON EQUITY MANAGEMENT, LLC**
Main Address: 442 4TH AVENUE
INDIALANTIC, FL 32903
Firm ID#: 307350

Regulator	Registration	Status	Date
IA Florida	Investment Adviser Representative	Approved	02/22/2022

Branch Office Locations

HERON EQUITY MANAGEMENT, LLC
442 4TH AVENUE
INDIALANTIC, FL 32903






Qualifications

PASSED INDUSTRY EXAMS



This section includes all industry exams that the representative has passed. Under limited circumstances, a representative may attain registration after receiving an exam waiver based on a combination of exams the representative has passed and qualifying work experience. Likewise a new exam requirement may be grandfathered based on a representative's specific qualifying work experience. Exam waivers and grandfathering are not included below.

This individual has passed 3 principal/supervisory exams, 2 general industry/product exams, and 2 state securities law exams.



Principal/Supervisory Exams

Exam	Category	Date
 Registered Options Principal Examination (S4)	Series 4	07/08/2010
 Municipal Securities Principal Examination (S53)	Series 53	03/07/2005
 General Securities Principal Examination (S24)	Series 24	07/31/1996

General Industry/Product Exams

Exam	Category	Date
 Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
 General Securities Representative Examination (S7)	Series 7	02/08/1993

State Securities Law Exams

Exam	Category	Date
 Uniform Investment Adviser Law Examination (S65)	Series 65	11/09/1998
 Uniform Securities Agent State Law Examination (S63)	Series 63	04/12/1993

PROFESSIONAL DESIGNATIONS

This section details that the representative has reported **0** professional designation(s).

No information reported.



Registration & Employment History

PREVIOUSLY REGISTERED WITH THE FOLLOWING FIRMS

This representative held registrations with the following firms:

	Registration Dates	Firm Name	ID#	Branch Location
IA	01/23/2014 - 08/07/2019	CETERA ADVISORS LLC	CRD# 10299	MELBOURNE, FL
B	01/21/2014 - 08/07/2019	CETERA ADVISORS LLC	CRD# 10299	MELBOURNE, FL
B	09/11/2009 - 01/22/2014	NEXT FINANCIAL GROUP, INC.	CRD# 46214	MELBOURNE, FL
IA	09/11/2009 - 01/22/2014	NEXT FINANCIAL GROUP, INC.	CRD# 46214	MELBOURNE, FL
B	09/08/2009 - 09/22/2009	LPL FINANCIAL CORPORATION	CRD# 6413	MELBOURNE, FL
IA	09/08/2009 - 09/22/2009	LPL FINANCIAL CORPORATION	CRD# 6413	MELBOURNE, FL
IA	08/09/2006 - 09/11/2009	MUTUAL SERVICE CORPORATION	CRD# 4806	MELBOURNE, FL
B	08/02/2006 - 09/08/2009	MUTUAL SERVICE CORPORATION	CRD# 4806	MELBOURNE, FL
B	10/31/2005 - 08/10/2006	AIG FINANCIAL ADVISORS, INC.	CRD# 133763	MELBOURNE, FL
IA	10/31/2005 - 08/10/2006	AIG FINANCIAL ADVISORS, INC.	CRD# 133763	MELBOURNE, FL
IA	11/29/2000 - 10/31/2005	SUNAMERICA SECURITIES, INC.	CRD# 20068	MELBOURNE, FL
B	10/26/2000 - 10/31/2005	SUNAMERICA SECURITIES, INC.	CRD# 20068	PHOENIX, AZ
B	05/12/1996 - 10/18/2000	SUNAMERICA SECURITIES, INC.	CRD# 20068	PHOENIX, AZ
B	02/10/1993 - 05/22/1996	ANCHOR MANAGEMENT GROUP, INC.	CRD# 25022	MELBOURNE, FL
B	09/26/1978 - 02/07/1990	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	CRD# 7691	NEW YORK, NY
B	03/01/1978 - 09/26/1978	MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.	CRD# 572	



Registration & Employment History

EMPLOYMENT HISTORY

Below is the representative's employment history for up to the last 10 years.

Employment Dates	Employer Name	Position	Investment Related	Employer Location
04/2023 - Present	Gerald J. Fasanella, Sole Proprietor	Insurance Agent	Y	Indialantic, FL, United States
02/2022 - Present	Heron Equity Management, LLC	Investment Advisor Representative/Chief Compliance Officer	Y	Indialantic, FL, United States
12/2019 - Present	HERON EQUITY MANAGEMENT, LLC	Managing Member	Y	Indialantic, FL, United States
08/2016 - Present	HERON PROFESSIONAL PARTNERS INC.	Consultant	N	Indialantic, FL, United States
01/2014 - 07/2019	CETERA ADVISORS LLC	Registered Principal	Y	DENVER, CO, United States
01/2014 - 07/2019	HERON FINANCIAL PARTNERS, INC.	Financial Consultant	Y	Melbourne, FL, United States

OTHER BUSINESS ACTIVITIES

This section includes information, if any, as provided by the representative regarding other business activities the representative is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious, or fraternal and is recognized as tax exempt.

Gerald J. Fasanella, Sole Proprietor; Indialantic, FL; Investment Related; Insurance Agent; Fixed Insurance Sales; Started 04/2023; Approximately 5% of time spent.



Disclosure Summary

Disclosure Information

What you should know about reported disclosure events:

(1) Certain thresholds must be met before an event is reported to IARD, for example:

- A law enforcement agency must file formal charges before an Investment Adviser Representative is required to report a particular criminal event.;
- A customer dispute must involve allegations that an Investment Adviser Representative engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.

(2) Disclosure events in IAPD reports come from different sources:

As mentioned in the "About IAPD" section on page 1 of this report, information contained in IAPD comes from Investment Adviser Representatives, firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the IAPD report. The different versions will be separated by a solid line with the reporting source labeled.

(3) There are different statuses and dispositions for disclosure events:

- A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" disclosure event involves allegations that have not been proven or formally adjudicated.
 - A disclosure event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" disclosure event has been concluded and its resolution is not subject to change.
- A final disclosure event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally represents a disposition wherein the parties involved in a dispute reach an agreement to resolve the matter. Please note that Investment Adviser Representatives and firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually includes a disposition wherein no payment is made to the customer or there is no finding of wrongdoing on the part of the Investment Adviser Representative. Such matters generally involve customer disputes.

(4) You may wish to contact the Investment Adviser Representatives to obtain further information regarding any of the disclosure events contained in this IAPD report.



DISCLOSURE EVENT DETAILS

When evaluating this information, please keep in mind that some items may involve pending actions or allegations that may be contested and have not been resolved or proven. The event may, in the end, be withdrawn, dismissed, resolved in favor of the Investment Adviser Representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to the Investment Adviser Registration Depository. Some of the specific data fields contained in the report may be blank if the information was not provided.

The following types of events are disclosed about this representative:

Type	Count
Customer Dispute	8

Customer Dispute

This section provides information regarding a customer dispute that was reported to the Investment Adviser Registration Depository (IARD) by the Investment Adviser Representative (IAR), an investment adviser and/or securities firm, and/or a securities regulator. The event may include a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit that contains allegations of sales practice violations against the individual.

The customer dispute may be pending or may have resulted in a civil judgment, arbitration award, monetary settlement, closure without action, withdrawal, dismissal, denial, or other outcome.

Disclosure 1 of 8

Reporting Source:	Firm
Employing firm when activities occurred which led to the complaint:	Cetera Advisors LLC
Allegations:	Claimants allege that their registered representative recommended unsuitable investments.
Product Type:	Annuity-Variable Direct Investment-DPP & LP Interests Insurance Oil & Gas Real Estate Security
Alleged Damages:	\$400,000.00
Is this an oral complaint?	No
Is this a written complaint?	No
Is this an arbitration/CFTC reparation or civil litigation?	Yes
Arbitration/Reparation forum or court name and location:	FINRA
Docket/Case #:	20-04031
Filing date of arbitration/CFTC reparation or civil litigation:	12/11/2020

Customer Complaint Information



Date Complaint Received: 12/22/2020
Complaint Pending? No
Status: Settled
Status Date: 12/23/2021
Settlement Amount: \$137,500.00
Individual Contribution Amount: \$0.00

Disclosure 2 of 8

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: Cetera Advisors LLC
Allegations: Misleading on investments for puts and calls.
Product Type: Options
Alleged Damages: \$40,000.00
Is this an oral complaint? No
Is this a written complaint? Yes
Is this an arbitration/CFTC reparation or civil litigation? No

Customer Complaint Information

Date Complaint Received: 07/09/2020
Complaint Pending? No
Status: Settled
Status Date: 01/29/2021
Settlement Amount: \$6,935.35
Individual Contribution Amount: \$0.00

Disclosure 3 of 8

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: SAGEPOINT FINANCIAL, INC. F/K/A AIG FINANCIAL ADVISORS, INC
Allegations: NEGLIGENCE; BREACH OF CONTRACT; BREACH OF FIDUCIARY DUTY; VIOLATION OF NASD CONDUCT RULES; UNSUITABILITY; MISREPRESENTATIONS/OMISSIONS
Product Type: Annuity-Variable
Real Estate Security
Other: EXCHANGE TRADED FUNDS
Alleged Damages: \$0.00

Arbitration Information



Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.): FINRA

Docket/Case #: [11-03618](#)

Date Notice/Process Served: 10/03/2011

Arbitration Pending? No

Disposition: Settled

Disposition Date: 01/24/2013

Monetary Compensation Amount: \$22,500.00

Individual Contribution Amount: \$0.00

Firm Statement THIS SETTLEMENT IS FOR SAGEPOINT FINANCIAL, INC. AKA AIG FINANCIAL ADVISORS, INC ONLY. THE REMAINING PARTIES INCLUDING MR. FASANELLA, WERE NOT PART OF THIS SETTLEMENT.

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: MUTUAL SERVICE CORP.

Allegations: ALLEGES UNSUITABILITY AND MISREPRESENTATION IN CONNECTION WITH THE PURCHASE OF VARIABLE ANNUITIES, INVERSE LEVERAGED EXCHANGE-TRADED FUNDS, A REIT AND GROWTH STOCKS. CLAIMANT ALLEGES LOSSES IN EXCESS OF \$250,000.

Product Type: Annuity-Variable
Equity Listed (Common & Preferred Stock)
Other: EXCHANGE-TRADED FUNDS & REITS

Alleged Damages: \$250,000.00

Arbitration Information

Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.): FINRA

Docket/Case #: [11-03618](#)

Date Notice/Process Served: 10/03/2011

Arbitration Pending? No

Disposition: Settled

Disposition Date: 01/31/2013

Monetary Compensation Amount: \$60,000.00

Individual Contribution Amount: \$5,000.00

Reporting Source: Firm



Employing firm when activities occurred which led to the complaint: MUTUAL SERVICE, CORP.

Allegations: ALLEGES UNSUITABILITY AND MISREPRESENTATION IN CONNECTION WITH THE PURCHASE OF VARIABLE ANNUITIES, INVERSE LEVERAGED EXCHANGE-TRADED FUNDS, A REIT AND GROWTH STOCKS. CLAIMANT ALLEGES LOSSES IN EXCESS OF \$250,000.

Product Type: Annuity-Variable
Equity Listed (Common & Preferred Stock)
Other: EXCHANGE-TRADED FUNDS, REITS

Alleged Damages: \$250,000.00

Arbitration Information

Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.): FINRA

Docket/Case #: 11-03618

Date Notice/Process Served: 10/03/2011

Arbitration Pending? Yes

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: SAGEPOINT FINANCIAL INC. / NEXT FINANCIAL GROUP, INC.

Allegations: CUSTOMERS CLAIM NEGLIGENCE, BREACH OF CONTRACT, UNSUITABILITY AND MISREPRESENTATION OF RECOMMENDED PRODUCTS

Product Type: Annuity-Variable
Real Estate Security
Other: EXCHANGE TRADED FUNDS

Alleged Damages: \$0.00

Alleged Damages Amount Explanation (if amount not exact): NO SPECIFIC CLAIM FOR COMPENSATORY DAMAGES MADE, BUT THE STATEMENT OF CLAIM ALLEGES LOSS OF \$250,000 PLUS INTEREST, FEES, ATTORNEY'S FEES AND COSTS ASSOCIATED WITH BRINGING THIS ACTION.

Arbitration Information

Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.): FINRA DISPUTE RESOLUTION FORM

Docket/Case #: [11-03618](#)

Date Notice/Process Served: 10/03/2011

Arbitration Pending? No

Disposition: Settled

Disposition Date: 01/31/2013

Monetary Compensation Amount: \$60,000.00

Individual Contribution \$0.00



Amount:

Disclosure 4 of 8

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: SUNAMERICA SECURITIES

Allegations: CUSTOMERS ALLEGE THE REIT AND VARIABLE ANNUITY PURCHASES IN 2005 WERE TOO HIGH RISK GIVEN THEIR AGES AND INCOME REQUIREMENTS.

Product Type: Annuity-Variable
Direct Investment-DPP & LP Interests

Alleged Damages: \$61,868.00

Is this an oral complaint? No

Is this a written complaint? Yes

Is this an arbitration/CFTC reparation or civil litigation? No

Customer Complaint Information

Date Complaint Received: 03/08/2010

Complaint Pending? No

Status: Denied

Status Date: 05/20/2010

Settlement Amount:

Individual Contribution Amount:

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Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: SAGEPOINT FINANCIAL INC/AIG FINANCIAL ADVISORS, INC

Allegations: THE CLIENT ALLEGES IN 2005 THE REPRESENTATIVE SOLICITED THEM A HIGHLY SPECULATIVE UNSUITABLE REIT, AND AN UNSUITABLE VARIABLE ANNUITY

Product Type: Annuity-Variable
Real Estate Security

Alleged Damages: \$61,868.00

Is this an oral complaint? No

Is this a written complaint? Yes

Is this an arbitration/CFTC reparation or civil litigation? No

Customer Complaint Information

Date Complaint Received: 03/01/2010



Complaint Pending? No
Status: Denied
Status Date: 05/20/2010

Settlement Amount:
Individual Contribution Amount:

Disclosure 5 of 8

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: MUTUAL SERVICE CORPORATION
Allegations: MISREPRESENTATION
Product Type: Mutual Fund(s)
Alleged Damages: \$5,144.07

Customer Complaint Information

Date Complaint Received: 01/23/2008
Complaint Pending? No
Status: Closed/No Action
Status Date: 09/11/2008

Settlement Amount:
Individual Contribution Amount:

Disclosure 6 of 8

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: MERRILL LYNCH
Allegations:
Product Type:
Alleged Damages: \$150,000.00

Customer Complaint Information

Date Complaint Received: 04/18/1990
Complaint Pending? No
Status: Settled
Status Date:

Settlement Amount: \$68,000.00
Individual Contribution Amount:

**Firm Statement**

FASANELLA WAS THE SUBJECT OF A CUSTOMER COMPLAINT MADE BY CUSTOMERS. THE CUSTOMERS ALLEGED UNSUITABLE OPTIONS TRADING IN THEIR JOINT ACCOUNT AND SOUGHT APPROXIMATELY \$150,000.00 IN DAMAGES. THE FIRM'S POSITION IS THAT THE CUSTOMERS ARE KNOWLEDGABLE AND INFORMED INVESTORS AND AUTHORIZED THE TRADES, MANY OF WHICH WERE UNSOLICITED. HOWEVER, THE FIRM DECIDED TO SETTLE THE MATTER FOR \$68,000.00 RATHER THAN INCUR LITIGATION EXPENSES.

Reporting Source:

Individual

Employing firm when activities occurred which led to the complaint:

MERRILL LYNCH

Allegations:

CUSTOMERS VERALLY ALLEGED UNSUITABLE OPTIONS TRADING IN THEIR JOINT ACCOUNT AND SOUGHT APPROXIMATELY \$15,000 IN DAMAGES

Product Type:**Alleged Damages:**

\$150,000.00

Customer Complaint Information**Date Complaint Received:**

04/18/1990

Complaint Pending?

No

Status:

Settled

Status Date:**Settlement Amount:**

\$68,000.00

Individual Contribution Amount:**Broker Statement**

MERRILL LYNCH WAS THE EMPLOYING FIRM. THE FIRM'S POSITION IS THAT THE CUSTOMERS ARE KNOWLEDGABLE AND INFORMED INVESTORS AND AUTHORIZED THE TRADES MANY OF WHICH WERE UNSOLICITED. HOWEVER THE FIRM DECIDED TO DISCHARGE THE RESPRENTATIVE AND SETTLE THE MATER FOR \$68,000 RATHER THAN INCUR LITIGATION EXPENSES

MERRILL LYNCH DECISION WAS MADE COMPLETELY INDEPENDENT OF THE APPLICANT AND THE SETTLEMENT AMOUNT WAS ALSO ONE WITHOUT THE EMPLOYEES KNOWLEDGE OR PARTICIPATION. A DECISION BY THE STATE OF NEW JERSEY WAS RENDERED ON MAY 18, 1990 WHICH REVERSED A DETERMINATION HOLDING THE APPLICANT AS DISQUALIFIED FOR BENEFITS ON A WRONGFUL DISCHARGE WHICH CLAIM, THE REASON FOR DISCHARGE TO BE AS A RESULT OF EMPLOYEE NOT PERFORMING TO STANDARDS AN INVESTIGAITON BY CBOE ON BEHALF OF THE EXCHANGE, NASD AND SEC INTO THE HANDLING OF THE CUSTOMER ACCOUNT WAS COMPLETED ON 4/10/91 AND DID NOT REVEAL REASONABLE GROUNDS FOR BELIEVING THAT A VIOLATION OF EXCHANGE RULES HAD OCCURED.



Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: MERRILL LYNCH

Allegations:

Product Type:

Alleged Damages: \$55,000.00

Customer Complaint Information

Date Complaint Received: 04/18/1990

Complaint Pending? No

Status: Settled

Status Date:

Settlement Amount: \$33,000.00

Individual Contribution Amount:

Firm Statement

FASANELLA WAS THE SUBJECT OF A CUSTOMER COMPLAINT MADE BY CUSTOMER, [THIRD PARTY]'S EMPLOYER. THE CUSTOMER ALLEGED THAT HE WAS NOT ADEQUATELY INFORMED OF THE RISKS INHERENT IN TRADING OPTIONS AND SOUGHT \$55,000.00 IN DAMAGES. THE FIRM DECIDED TO SETTLE THE MATTER FOR \$33,000.00 RATHER THAN INCUR LITIGATION EXPENSES.

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: MERRILL LYNCH

Allegations: CUSTOMER ALLEGED THAT HE WAS NOT ADEQUATELY INFORMED OF THE RISKS INHERENT IN TRADING OPTIONS AND SOUGHT \$55,000 IN DAMAGES

Product Type:

Alleged Damages: \$55,000.00

Customer Complaint Information

Date Complaint Received: 04/18/1990

Complaint Pending? No

Status: Settled

Status Date:

Settlement Amount: \$33,000.00

Individual Contribution Amount:

Broker Statement

MERRILL LYNCH WAS THE EMPLOYER FIRM. THE FIRM DECIDED TO SETTLE THE MATTER FOR \$33,000 RATHER THAN INCUR LITIGATION EXPENSES
CUSTOMER WAS [THIRD PARTY]'S EMPLOYER.



[THIRD PARTY] WAS A KNOWLEDGEABLE AND INFORMED INVESTOR WHILE CUSTOMER CLAIMED HE WAS NOT. THE CLIENTS WERE MADE AWARE OF THE FACT THAT THE OPTIONS TRADING THEY WERE INVESTING IN WAS VERY RISKY. THIS INFORMATION WAS GIVEN TO THEM IN WRITING AND VERBALLY BY THE REPRESENTATIVE. [THIRD PARTY] AND CUSTOMER WERE REPRESENTED BY THE SAME ATTORNEY AND COMPLAINED TOGETHER ON THE SAME DAY. MERRILL LYNCH MADE THE DECISION COMPLETELY INDEPENDENT AND WITHOUT THE KNOWLEDGE OF THE EMPLOYEE. THE EMPLOYEE DIDN'T PARTICIPATE WITH THE DECISION TO SETTLE NOR IN ANY FINANCIAL ARRANGEMENT MADE BY THE EMPLOYER. AN INVESTIGATION INTO THE HANDLING OF THE CUSTOMER ACCT BY CBOE (SEC & NASD'S BEHALF) DIDN'T REVEAL REASONABLE GROUNDS FOR BELIEVING THAT A VIOLATION OF EXCHANGE HAD OCCUR

Disclosure 8 of 8

Reporting Source: Regulator
Employing firm when activities occurred which led to the complaint: MERRILL LYNCH PIERCE FENNER & SMITH, INC

Allegations: CUSTOMER AGAINST REGISTERED REPRESENTATIVE AND MEMBER FIRM OVER ALLEGED UNAUTHORIZED OPTION TRADING, MISREPRESENTATIONS, OMISSIONS, FRAUD, FAILURE TO EXECUT INSTRUCTIONS, FALIURE TO DISCLOSE STOCK OPTION AND INDEX OPTION RISKS, FAILURE TO SUPERVISE, WILLFUL AND MALICIOUS BREACH OF FIDUCIARY DUTIES, NEGLIGENCE, BREACH OF CONTRACT.

Product Type:

Alleged Damages: \$47,350.00

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NYSE - CASE #1990

Date Notice/Process Served: 01/09/1989

Arbitration Pending? No

Disposition: Other

Disposition Date: 09/18/1990

Disposition Detail: AWARD AGAINST PARTY THE UNDERSIGNED ARBITRATORS HAVE DECIDED AND DETERMINED IN FULL AND FINAL SETTLEMENT OF ALL CLAIMS BETWEEN THE PARTIES THAT: THE TOTAL SUM OF \$23,600.00 IS AWARDED TO CLAIMANTS STANLEY J. BIRCH, JR. AND MARIE A. BIRC AGAINST RESPONDENTS GERALD J. FASANELLA AND MERRILL LYNCH PIERCE FENNER & SMITH INCORPORATED JOINTLY AND SEVERALLY. COSTS ASSESSED AGAINST RESPONDENTS MERRILL LYNCH PIERCE FENNER & SMITH INCORPORATED AND GERALD J. FASANELLA JOINTLY AND SEVERALLY



Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: MERRILL LYNCH PIERCE FENNER & SMITH, INC

Allegations: CUSTOMERS ALLEGED UNAUTHORIZED OPTION TRADING, FAILURE TO DISCLOSE RISKS OF OPTION AND SOUGHT \$47,350.00 IN DAMAGES.

Product Type:

Alleged Damages: \$47,350.00

Customer Complaint Information

Date Complaint Received:

Complaint Pending? No

Status: Arbitration/Reparation

Status Date:

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: New York Stock Exchange; 1990

Date Notice/Process Served: 01/09/1989

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 09/18/1990

Monetary Compensation Amount: \$23,600.00

Individual Contribution Amount:

Firm Statement CUSTOMERS AWARDED \$23,600.00. RESPONDENTS MERRILL LYNCH AND FASANELLA DENIED ALL CHARGES OF WRONGDOING AND CLAIMS FOR DAMAGES. THE RISKS OF OPTION TRADING WERE FULLY DISCLOSED AND THE CUSTOMERS, SOPHISTICATED AND EXPERIENCED INDIVIDUALS, AUTHORIZED ALL TRADES.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: MERRILL LYNCH PIERCE FENNER & SMITH, INC

Allegations: CUSTOMERS ALLEGED UNAUTHORIZED OPTION TRADING, FAILURE TO DISCLOSE RISKS OF OPTIONS AND SOUHT \$47,350.00 IN DAMAGES

Product Type: Options



Alleged Damages: \$47,350.00

Customer Complaint Information

Date Complaint Received: 01/09/1989

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 01/09/1989

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NEW YORK STOCK EXCHANGE; 1990

Date Notice/Process Served: 01/09/1989

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 09/18/1990

Monetary Compensation Amount: \$23,600.00

Individual Contribution Amount: \$0.00

Broker Statement AWARDED \$23,600.00
RESPONDENTS MERRILL LYNCH AND FASANELLA DENIED ALL CHARGES OF WRONGDOING AND CLAIMS FOR DAMAGES. THE RISKS OF OPTION TRADING WERE FULLY DISCLOSED AND THE CUSTOMERS SOPHISTICATED AND EXPERIENCED INDIVIDUALS, AUTHORIZED ALL TRADES. THE EXCHANGES INQUIRY INTO THE HANDLING OF CUSTOMER & CUSTOMER'S ACCOUNT AT MERRILL LYNCH BY GERALD FASANELLA WAS COMPLETED ON APRIL 10, 1991 AND THE SEC WAS NOTIFIED BY THE DEPARTMENT OF COMPLIANCE OF COBE THAT NO VIOLATIONS OF EXCHANGE RULES HAD OCCURED. THE DECISION TO SPLIT THE AWARD NEARLY IN HALF WAS UNJUSTIFIED AND MISLEADING IN THAT IT SUGGESTS VIOLATION IN AN UNCLEAR VERDICT



End of Report

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