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## NASD Orders Merrill To Pay NJ Couple \$165,000 On Research

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NEW YORK -(Dow Jones)- A National Association of Securities Dealers arbitration panel ordered Merrill Lynch Pierce Fenner & Smith to pay a Closter, N.J., couple \$165,000 for "fraudulent" research provided by Merrill Lynch & Co. (MER), according to a New York law firm.

The couple, Richard and Ellen Stein, sought a total of \$188,443 in losses related to their investment in Internet Capital Group Inc. (ICGE), the law offices of Stuart D. Meissner said in a press release Thursday.

The couple claimed that they were defrauded by Merrill Lynch as a result of research published by Merrill Lynch and relied upon by their broker in recommending Internet Capital Group to them.

The claim asserted that Merrill Lynch's research department was conflicted due to the influence of its investment banking department and that, as a result, "fraudulent" Internet Capital Group ratings were issued and maintained.

Merrill Lynch said in a statement: [The couple] claim they were surprised by the drop in share price, but bought more than 4,000 shares of the stock in two different buys after their initial purchase of 1,000 shares -- even though they knew the stock had fallen more than 70% in value since their initial purchase. These facts -- which the claimants do not dispute -- do not support a recovery.

"We have won the overwhelming majority of these research cases," Merrill Lynch spokesman Mark Herr said. "This case is clearly an aberration."

Shares of Internet Capital Group were trading recently at \$7.69, up 62 cents, or 8.8%.

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