

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In The Matter of The Arbitration Between		} Award NASD #87-02407
Dan Montgomery	Claimant	
vs.		
Freeman Welwood & Co., and Piper, Jaffray & Hopwood, Inc.	Respondents	

SUMMARY OF ISSUES

The claim in this matter was filed December 2, 1987.

Claimant alleged that Respondents violated section 65 of the NASD Uniform Practice Code by failing to transfer shares of Copytele from Freeman Welwood to Piper, Jaffray, Hopwood. Claimant alleged that Respondents had an affirmative obligation under section 65 to advise and inform him of the requirements of transfer and that defendants breached that obligation and Freeman Welwood sold his shares of Copytele, and that Claimant was thereby damaged in the sum of \$26,812.50. Respondent Freeman Welwood & Co., Inc. alleged 1) that Claimant's Copytele shares were always under his direction and control that they could have been sold at any time and that Claimant never instructed either Respondent to sell and until this claim Respondent heard nothing about a desire to sell; 2) that the transfer of account process should not be considered an issue in this case and that no matter where a broker to broker transfer stands, shares can always be sold and if he had informed either Respondent of his intentions, he would have been directed as to how to proceed with a liquidation; 3) if the physical account transfer is an issue, Respondent went out of their way to special handle the matter for him; 4) Claimant's chart trendline has no logical basis of claim; 5) Claimant had personal reasons for not selling; and 6) Claimant is willfully attempting to pass off losses caused by his own decisions. Respondent Piper, Jaffray & Hopwood, Inc. alleged that it did everything within its power to expedite transfer of Claimant's account and denied that it violated Section 65 of the NASD Uniform Practice Code. Respondent alleged that there was nothing that it was asked to do that it failed to do in connection with the transfer of Claimant's account and that Respondent is therefore not responsible for Freeman Welwood's failure to transfer Claimant's account, or any damages resulting therefrom. Respondent asserted a cross-claim against Freeman Welwood & Co., Inc.

alleging that any delay in the transfer of Claimant's account was caused by the action or in-action of Freeman Welwood and not by any conduct of Piper Jaffray. Respondent Freeman Welwood subsequently cross-claimed against Piper Jaffray & Hopwood, requesting that in the event Freeman Welwood is held liable to Claimant, Freeman Welwood requests that it be awarded indemnity and/or contribution from Piper Jaffray, along with its costs, expenses, and reasonable attorneys' fees.

DAMAGES AND RELIEF REQUESTED

Claimant requests an award of \$26,812.50. Respondent Freeman Welwood stated that it could find no basis for Claimant's claim of any amount. Respondent Piper Jaffray & Hopwood, Inc. requested that Claimant take nothing, that his Statement of Claim be dismissed, and that it be awarded its costs and reasonable attorneys' fees. Respondent Piper Jaffray also requested that in the event Piper Jaffray is held liable for any amount, that Piper Jaffray be awarded indemnity and/or contribution from Freeman Welwood & Co., along with its costs, expenses and reasonable attorneys' fees. In its cross-claim, Respondent Freeman Welwood requested that it be awarded indemnity and/or contribution from Piper Jaffray, along with its costs, expenses, and reasonable attorneys' fees.

DAMAGES AND RELIEF AWARDED

On June 23, 1989, in Salt Lake City, Utah in two hearing sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on November 25, 1987 and by Respondent Freeman Welwood & Co. on July 1, 1988 and by Respondent Piper Jaffray & Hopwood, Inc. on April 27, 1988. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, determined in full and final resolution of the issues submitted for determination as follows:

1. At the outset of the hearing and the conclusion of Claimant's presentation of his case, Respondents made a motion to dismiss the case, alleging that Claimant failed to state a claim or to present facts on which a claim could be based. These motions were granted by the arbitration panel.
2. The parties shall each bear their respective costs including attorneys' fees.
3. Pursuant to Section 43 of the National Association of Securities Dealers, Inc. (NASD) Code of Arbitration Procedure, Claimant is assessed forum fees in the amount of \$400.00, to be paid directly to the National Association of Securities Dealers, Inc..

OTHER ISSUES

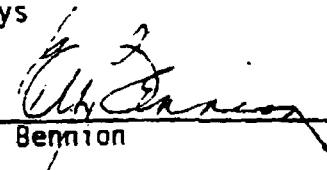
During the hearing, Claimant made a motion to amend his claim to allege: 1) breach of a margin agreement; and 2) insider trading activity by Freeman Welwood & Co.. This motion was denied.

PRESIDING ARBITRATORS

DATE SERVED: 09/27/89

Parker M. Nielson, Esq.

Al Hays



E. Y. Bennion