

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Vicki Lea

Claimant

vs.

Piper, Jaffray & Hopwood and
Mark and Trudi Ann Caron

Respondent

CASE NO. 88-02893

SUMMARY OF ISSUES

This case was filed on September 14, 1988. In a claim filed at the NASD Claimant Vicki Lea alleged that Respondents mishandled her stock portfolio from June, 1986 through the beginning of 1988. Claimant alleged that she was interested in establishing a conservative investment portfolio which would appreciate over time, but that purchases made in her account were made of securities which were not conservative or suitable investments, such as Rodman and Renshaw Capital Group, Telco Systems, Inc. and Liz Claiborne. Claimant alleged also that she was convinced to open a discretionary as well as a margin account, that Respondent Piper Jaffray verbally guaranteed that the price of the Telco stock would be no less than \$6.00 per share when sold, that her account was churned, that Respondent assured Claimant that she would receive a better rate of return than one could get in a money market fund, and that Respondents specialized in blue chip stocks.

Respondents alleged that Claimant expressed her objectives as one of growth, that Respondents were in contact with Claimant two or three times a week, that Claimant actively participated in and gave her approval to a short-term objective for her portfolio and demonstrated a knowledge and understanding of the risks inherent in her securities account, that Claimant executed a margin agreement indicating her desire to margin her position and demonstrated a knowledge and understanding of the risks associated with leverage, that contrary to Claimant's allegation of churning the trading in Claimants account was primarily the result of Claimants express desire to maximize profits for the short-term, that investments were not made in speculative, low-priced securities, and that Claimant demonstrated to Respondents that she was a woman of substantial means. Respondents also alleged several affirmative defenses.

DAMAGE AND RELIEF REQUESTED

Claimant requested \$59,100.00. Respondents requested that Claimants claims be dismissed with prejudice and with costs, including reasonable attorneys' fees awarded to Respondent; and such other and further relief as the panel deems just and equitable.

DAMAGES AND RELIEF AWARDED

On August 22 and 30, 1989 the undersigned arbitrators heard the controversy in three (3) sessions in Seattle, Washington between the parties as set forth in submissions to arbitration signed by Claimant on June 17, 1988, by Respondent Piper, Jaffray and Hopwood on November 2, 1988, by Respondent Mark Caron on December 13, 1988 and by Respondent Trudi Ann Caron on February 24, 1989. The arbitration panel, 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 as follows:

1. All claims of Claimant are dismissed as against all Respondents.
2. The parties shall each bear their respective costs including attorneys's fees.
3. Pursuant to Section 43 of the National Association of Securities Dealers, Inc. (NASD) Code of Arbitration Procedure, the NASD shall retain the \$500.00 filing fee previously deposited by the Claimant. Further pursuant to Section 43 of the National Association of Securities Dealers, Inc., the Claimant is assessed forum fees in the amount of \$500.00, to be paid directly to the National Association of Securities Dealers, Inc.

ARBITRATORS CONCURRING

DATE SERVED: 10/03/89

Robert M. Stein

Keith Stephen Gormezano

Linda A. Penitsch