

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Joseph P. and Helen K. Delay

94-00023

Name of Respondent

Piper Jaffray, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on January 3, 1994, Claimants Joseph & Helen Delay, who appeared Pro Se, alleged that Respondent Piper Jaffray, Inc., through its registered representative, Jaime Laible, failed to disclose information that would have deterred the Claimants from purchasing City of Billings, Montana, Industrial Development Revenue Bonds (YMCA Project) Series 1988 Bonds. The Claimants further alleged that the Respondent did not disclose to them the fact that YMCA was having severe financial problems during the years of 1989, 1990 & 1991, and further that the failure to disclose this information caused Claimants to purchase bonds they would not have invested in had they been properly informed. Claimants Joseph P. and Helen K. Delay contended that due to the wrongdoing of the Respondent they have suffered damages for which the Respondent should be held liable.

Respondent Piper Jaffray, Inc., through its in-house counsel, Mark S. Reed, Esq., maintained that the Claimants are experienced investors with an extensive history of investing in municipal bonds and they knowingly accepted the risks associated with their investments in the bonds. The Respondent also maintained that Claimants participated in the bankruptcy proceeding with regard to the bonds and all claims were fully satisfied under the Plan, thus barring the claims asserted in this proceeding. The Respondent contended that Claimants were not risk adverse and that they knowingly pursued an investment strategy of purchasing revenue bonds to obtain higher yields, and that the firm cannot be held liable because the risks known to and accepted by the Claimants materialized at a later time.

RELIEF REQUESTED

Claimants Joseph & Helen Delay requested \$10,000.00 in actual damages, plus interest at the rate of 12% per annum and costs.

Respondent Piper Jaffray, Inc. requested that the claims of the Claimants be dismissed.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Harry E. Jennings, Jr., Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on December 30, 1993 and by the Respondent on February 15, 1994.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent Piper Jaffray, Inc. is liable and shall pay to the Claimants Joseph and Helen Delay \$10,000.00 in actual damages. The bonds shall be tendered to Respondent Piper Jaffray, Inc. at the time of payment.
2. Respondent Piper Jaffray, Inc. is liable and shall pay simple interest in the amount of \$2,064.00 to Claimants Joseph and Helen Delay.
3. The parties shall bear their respective costs.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Joseph and Helen Delay shall be retained by the NASD, Inc. Respondent Piper Jaffray, Inc. is liable and shall pay \$150.00 to the Claimants as reimbursement of the filing fee.

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AFFIRMATION

I, **HARRY E. JENNINGS, JR., ESQ.**, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument. which is my oath and award.

Harry E. Jennings, Jr.

Signature of Arbitrator

DATE OF DECISION: December 19, 1994