

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Gary J. & Christine B. Masonick

94-00571

Name of Respondents

Dean Witter Reynolds, Inc.
John Ryff
John Gardner

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 16, 1994, Claimants Gary and Christine Masonick, who appeared Pro Se, alleged that Respondents Dean Witter Reynolds, Inc. ("DWR"), John Ryff ("Ryff") and John Gardner ("Gardner") omitted material information and put their money in an unsuitable investment. Claimants further alleged they informed Respondents that they had \$100,000.00 to invest for a short period of time and that it was vital for the principal to be protected as it was to be used for the purchase of a new home. Claimants contended that Respondents recommended an investment in Intercapital Quality Municipal Securities ("IQM"), a closed end bond fund. Claimants further contended that Respondents never explained the risk and how interest rates could adversely affect the value of IQM. Claimants alleged that Respondents never disclosed that they were getting .66 cents per share in commissions or that the funds sell at a discount once they are "introduced into the N.Y.S.E.". Claimants alleged that Respondents told them that this was a low volatility fund with little potential risk as a short term investment and that Respondents never informed them that there was a start up period involved before they would start to receive dividends. Claimants contended that Respondents never advised them to place a stop order on their shares as the fund continued to decline. Claimants further alleged that they have traded in these funds before but were always given the track record and market performance data, and their investment goals were "more than 5 years time". As a result of the above, Claimants contended that they have suffered damages for which the Respondents should be held liable.

Respondents Dean Witter Reynolds, Inc., John Ryff and John Gardner, through their representative Linda Poole, maintained that they discussed the risk of the investment with the

Claimants and that Claimants understood the impact interest rates had on IQM. Respondents further contended that Claimants did not raise their complaints until they knew they Page Two lost money. Respondents contended that Claimants were told that IQM would be subject to price fluctuations reflecting interest rate moves but Claimants decided to purchase it anyway. Respondents further contended that in light of Claimants' investment objective of aggressive income, they had reasonable grounds for believing that IQM was suitable. As a result of the above, Respondents contended that they should not be held liable in this matter.

RELIEF REQUESTED

Claimants Gary and Christine Masonick requested \$9,085.00 in actual damages, plus \$750.00 in interest.

Respondents Dean Witter Reynolds, Inc., John Ryff and John Gardner 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, Francis J. Feeney, Jr., Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on April 25, 1994, by Respondent Dean Witter Reynolds, Inc. on July 18, 1994, by Respondent John Ryff on July 10, 1994 and by Respondent John Gardner on July 6, 1994.

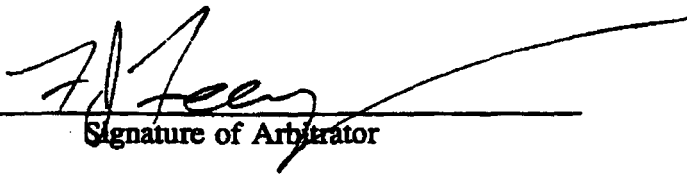
And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimants Gary & Christine Masonick against Respondents Dean Witter Reynolds, Inc., John Ryff and John Gardner are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants shall be retained by the NASD, Inc.

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AFFIRMATION

I, FRANCIS J. FEENEY, 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.



Signature of Arbitrator

DATE OF DECISION: February 21, 1995