

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Barbara A. Maier

vs.

94-01947

Name of Respondents

Conservative Financial Services Inc.
William H. Sharp
Larry J. Pipkin

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 25, 1994, Claimant Barbara A. Maier, who appeared Pro Se, alleged that Respondents Conservative Financial Services, Inc. ("CFS"), William H. Sharp ("Sharp"), and Larry J. Pipkin ("Pipkin") sold her securities which were not suitable for her. Claimant further alleged that on February 26, 1990 she purchased 15,000 units of Ames Department Store corporate bonds with a face value of \$15,000.00 for \$7,950.00 from Respondent CFS. Claimant contended that she was not a sophisticated investor, and prior to the purchase of the Ames bonds, most of her investments were limited to insured municipal bonds. Claimant further contended that her major concern in discussing investment possibilities with Respondent Sharp was always safety. Claimant alleged that when she purchased the Ames bonds she believed them to be of good quality and suitable for a conservative investor. Claimant further alleged that she was never apprised of the risks involved, was never told that the bonds were highly speculative and the risks of low rated bonds were never discussed with her. Claimant contended that on February 27, 1991, based solely upon the recommendations of Respondent CFS, she purchased \$10,000.00 worth of Zale Corporation Notes. Claimant further contended that she was told that the notes were secured by "the largest retail jeweler, with stores in all 50 states" and was never informed that these bonds were also highly speculative but rather, was told that they would return her principal even in bankruptcy. Claimant alleged that she inquired into the possibility of selling Zale in the Fall of 1991 and was advised by Respondent Pipkin to wait until the June 1992 call date. Claimant further alleged that like Ames, the Zale bonds were not of good quality and now have very little, if any, value. As a result of the above, Claimant contended that she has suffered damages for which the Respondents should be held liable.

Respondents Conservative Financial Services, Inc., William H. Sharp, and Larry Pipkin, through their representative William H. Sharp, maintained that their presentation of the Zale and Ames investments to Claimant stressed the need for sensible diversification and included a thorough discussion of the companies, the circumstances known at the time, and all of the conditions in investment, including the risks. Respondents further alleged that after a careful review and discussion of the financial information available at the time, they too invested in securities of Ames Department Stores and due to circumstances not known or anticipated at the time, the investment has been a disappointment to Respondents and their clients. Respondents contended that prior to the investment in question, Claimant had invested in other high yield securities. As a result of the above, Respondents maintained that they should not be held liable in this matter.

RELIEF REQUESTED

Claimant Barbara A. Maier requested \$9,028.00 in actual damages.

Respondents Conservative Financial Services, Inc., William H. Sharp, Larry J. Pipkin requested that the claims of the Claimant be dismissed.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Robert M. Livingstone, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on August 29, 1994, by Respondent Conservative Financial Services, Inc. on July 28, 1994, by Respondent William H. Sharp on July 28, 1994 and by Respondent Larry J. Pipkin on December 7, 1994.

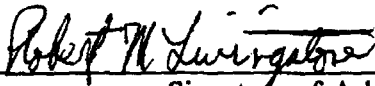
And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimant Barbara H. Maier against Respondents Conservative Financial Services Inc., William H. Sharp and Larry J. Pipkin 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 Claimant Barbara A. Maier, shall be retained by the NASD, Inc.

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AFFIRMATION

I, **ROBERT M. LIVINGSTONE, 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: March 17, 1995