

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

KZ Co.

95-00512

Name of Respondents

Piper Jaffray, Inc.
John W. Goff

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on January 31, 1995, Claimant, KZ Co., who appeared Pro Se through its President, Keith Ziegenbein, alleged that Respondents, John W. Goff ("Goff") and Piper Jaffray, Inc., misled and misinformed them about the potential risks involved in the investments that were recommended for purchase and that the transaction involved was questionably handled. Claimant further alleged that Respondent Goff called it and "highly recommended" Alliance North American Government Income Trust for all of their short term investing, as well as all of their family's personal savings. Claimant contended that Respondents were aware that Claimant was looking for a "safe place" for its money and that Claimant had repeatedly asked "what the catch was", with Respondent answering that there was none. Claimant further contended that Respondents did not explain that the account could go up and down in value quite rapidly. Furthermore, Claimant contended that Respondent did not explain or produce a prospectus and that Claimant never completed or signed a subscription application. Claimant alleged that Respondent Goff used poor judgment; he placed the personal savings in a more conservative account than the business money and did not inform Claimant that this had been done until Claimant called to question his statements. Claimant further alleged that Respondents knew that the Alliance North American Government Income Trust was questionable as they did not place the personal savings money in this account even though they received this money prior to getting the business money, but that they went ahead and invested \$108,093.95 of Claimant's money in the Government Income Trust without relaying their concerns to Claimant first. Claimant contended that Respondents acted with concern only for their commission, not for Claimant's benefit and that Respondents had placed their money in an unrated fund without disclosing the dangers they would be exposed to. Furthermore, Claimant contended that some Ag-Chem stock that was sold on their behalf, amounting to \$8,815.91, was also put into this trust without their knowledge and was completely lost. As a result of the above Claimant alleged that it has suffered a loss for which Respondents should be held liable.

Respondent, Piper Jaffray, Inc., through its representative and in-house counsel, Mark S. Reed, Esq., located in Minneapolis, MN, maintained that Claimant had invested in Ag-Chem Equipment Co., Inc. a year prior to the transaction in question, and that the investment had seen huge swings in value up to the time that Claimant sold it in February of 1994. Respondent further maintained, therefore, that Claimant's allegations that it sought conservative investments without market fluctuation were not credible. Respondent contended that Goff discussed with Claimant investing the proceeds from the sale of Ag-Chem in the Alliance Trust and that Mr. Goff had explained that the price of the Trust had fluctuated in the past year from \$10.02-\$10.36. Respondent further contended that it recommended to Claimant to purchase "C" shares of Alliance to avoid paying either a front or back-end sales charge, and that Claimant instructed Mr. Goff on February 24, 1994, to purchase Alliance Trust shares with the proceeds from the previous sale of the Ag-Chem shares. Respondent maintained that Claimant was sent a prospectus in connection with the purchase on February 25, 1994. Respondent further maintained that on February 17, 1994, Goff met with Claimant to discuss investment opportunities for their business funds at which time a copy of the Alliance prospectus was left with Claimant. Respondent contended that when Claimant called with a new investment strategy Goff prepared an investment plan that did not include Alliance Trust, but that instructions arrived with the check for \$100,000.00 to invest in only Alliance Trust. Respondent further contended that Goff called Claimant to confirm that this is what it wanted to do and to advise against it, but that Claimant insisted that this is what it wanted. Respondent maintained that the shares were purchased on March 14, 1994 for \$9.69/share which was already a \$.49 decrease from the shares purchased in February, further confirming that Claimant understood it was purchasing investments that would fluctuate in value. As a result of the above, Respondent Piper Jaffray, Inc., maintained that it should not be held liable.

Respondent, John W. Goff, who appeared Pro Se, maintained that he adopts the Answer and Affirmation defenses set forth by Respondent, Piper Jaffray, Inc. Respondent Goff further maintained Claimant instructed him to invest \$100,000.00 in the Alliance North American Government Income Trust. Respondent Goff contended that Claimant received at least two copies of the prospectus for the investment. Respondent Goff further contended that no investments were made without Claimant's knowledge. As a result of the above, Respondent Goff maintained that he should not be held liable.

RELIEF REQUESTED

Claimant, KZ Co., requested \$8,815.91 in actual damages.

Respondents, John W. Goff and Piper Jaffray, Inc., 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, Roland J. Santoni, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant, KZ Co., on January 23, 1995 and by the Respondent, Piper Jaffray, Inc., on April 5, 1995 and by Respondent, John W. Goff, on August 4, 1995.

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, KZ Co., against Respondents, John W. Goff and Piper Jaffray, Inc., 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, KZ Co., shall be retained by the NASD, Inc.

AFFIRMATION

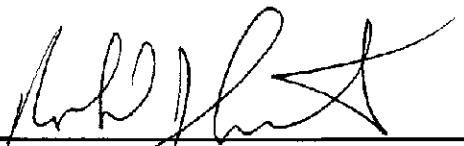
STATE OF NEBRASKA

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ss:

COUNTY OF DOUGLAS

I, Roland J. Santon, 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: November 7, 1995