

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant(s)

Enrique & Marie A. Cantu

95-00760

Name of Respondent(s)

William B Pilkey

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 13, 1995, Claimants Enrique and Marie A. Cantu, who appeared Pro Se, alleged that Respondent Bill Pilkey of misrepresented the suitability and return of a mutual fund as well as misrepresenting his employment status with Washington State Employees Credit Union. Claimants further alleged that on September 16, 1993, Respondent recommended that they invest in an MFS Municipal Bond Fund ("MFS") that was "tax free" and that it would take one year to get a return on their original investment. Claimants contended that they were made to feel that MFS was a secure investment. Claimants further contended that MFS was not tax free and that they sold their holdings on September 20, 1994 at a loss of \$5,553.95, for which Respondent should be held liable.

Respondent Bill Pilkey, who appeared Pro Se, maintained that Claimants received a prospectus prior to making their investment as well as an MFS brochure and an informational pamphlet. Respondent further maintained that he spent at least one hour with Claimants explaining the pros and cons of MFS and Claimants suitability. Respondent contended that he explained to Claimants that investments of this type are long term, with money being invested for at least 3 to 5 years. Respondent further contended that Claimants were informed that municipal bond funds had tax-free interest and that capital gains would be taxed when distributed, when the fund was sold or when the fund was transferred to another fund. Respondent maintained that Claimants were aware of who he worked for. Respondent further maintained that he has committed no wrongdoing and

accordingly, should not be held liable.

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### **RELIEF REQUESTED**

Claimants, Enrique and Marie A. Cantu, requested \$5,553.95 in actual damages.

Respondent Bill Pilkey, 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, Eric A. Chiappinelli, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on February 1, 1995. and by the Respondent on March 6, 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. Respondent Bill Pikey is liable and shall pay to the Claimants Enrique and Marie A. Cantu \$2,228.95.
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 Enrique and Marie A. Cantu shall be retained by the NASD, Inc.

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**AFFIRMATION**

I, **ERIC A. CHIAPPINELLI**, 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.

  
Eric A. Chiappinelli

Date of Decision: August 4, 1995