

N.A.S.D. AWARD
NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

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Securities Dealers, Inc.

Name of Claimant(s)

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Jeanette Williams
Richard Williams

95-00961

Name of Respondent(s)

Joseph W. Perley
Stuart, Coleman & Co., Inc.

REPRESENTATION

The Claimants appeared pro se.

For Respondents: Victor T. Sicuranza Executive Vice President and Director of Compliance at Stuart, Coleman & Company, Inc.

CASE INFORMATION

Statement of Claim filed: February 23, 1995.

Claimant Jeanette Williams' Submission Agreement signed on: February 10, 1995 - Claimant Richard Williams' Submission Agreement signed on: February 14, 1995.

Joint Statement of Answer filed by Respondents on:

Respondent Joseph W. Perley's Submission Agreement signed on: April 18, 1995.

Respondent Stuart, Coleman & Company, Inc.'s Submission Agreement signed on: April 18, 1995.

HEARING INFORMATION

Hearing Date/Sessions: April 9, 1996 - Two Sessions

Hearing Location: NASD offices located in New York City, New York.

CASE SUMMARY

Claimant Jeannette Williams alleged that \$40,000.00 was given to Mr. Perley for the specific purpose of protecting principal and obtaining some interest and Mr. Perley was informed that the funds needed to be available for the purchase of a home which the Claimants were seeking. Claimants next alleged that \$40,000.00 was put into an investment, the Pilgrim Mutual Fund ("Pilgrim Fund"), that was not

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appropriate or suitable for that purpose as there was a penalty for taking the funds out of the Pilgrim Mutual Fund. Claimant next alleged the fund was an unrated mutual fund and not an investment that would guarantee or protect the principal.

Claimant Richard Williams alleged his IRA rollover represented his funds for retirement and the largest part of his IRA contained fixed secure protected securities and as the fund grew it contained a percentage of common stock. Claimant Richard Williams next alleged Mr. Perley stated that the Claimant should get out of the Treasury bills but were in the IRA and place his funds elsewhere and triple A rated Treasury bills were sold before maturity and more than 60% of the Claimants' life savings in the IRA were invested in the Pilgrim Fund which was not rated and invested in a Citicorp floating rate Note pursuant to Respondent Mr. Perley's recommendation. Claimant Richard Williams alleged these investments were unsuitable for him given his stated investment objective.

Claimants further alleged the Respondent Perley dissuaded the Claimants from selling their shares in the Pilgrim Fund stating it would bounce back and that his supervisor had a great deal of client money invested in the fund and that he was not getting his clients out and the more individuals that pull out of the fund, the lower the remaining shares would be worth. Claimants next alleged the funds was not liquid and when Claimants attempted to sell the fund they learned there would be a penalty for taking their money out of the fund. Respondent Perley said he would attempt to get the back end fund waived so the Claimant did not sell at that time but Respondent Perley was unable to get the fee waived. Claimants next alleged ultimately the Claimants had to sell the Fund and the value of the fund had decreased further.

The Respondents maintained that they acted appropriately at all times in connection with the maintenance of the Claimants' accounts and specifically its agent, Joseph W. Perley, acted in the highest professional standards of the industry and considered the best interests of the Claimants. Respondents next maintained Mr. Perley's recommendations of the Pilgrim Fund was based on sound investment precepts and was discussed fully and approved by the Claimants. Respondents next maintained the Pilgrim Fund fit the Claimants' investment objectives and was a conservative, long-term fund promising moderate yield and safety of principal. Respondents next maintained that they believed mutual funds should not be sold when they are temporarily down because it is not generally in the clients best interest and when Mr. Williams expressed concern over the fund Mr. Perley considered selling it if the fund managers would waive the back end fee but they declined to do so. Respondents next maintained the losses the Claimants' suffered were caused by the fund's failure to fulfill its performance expectation and not caused by any action of the Respondents and the fund was sold in a timely manner.

OTHER ISSUES CONSIDERED AND DECIDED

1. The Respondents' Motion to Dismiss based on the proposed filing of a class action suit is denied as the Claimants indicated their intention to opt out of the class action suit.

RELIEF REQUESTED

Claimant Jeannette Williams requested damages in the sum of \$11,520.00.
Claimant Richard Williams requested damages in the sum of \$30,231.00.

Respondents requested a dismissal of all claims against them.

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AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have **decided** in full and final resolution of the issues submitted for determination as follows:

1. The Respondents be and hereby are liable jointly and severally and shall pay to the Claimant Jeannette Williams the sum of \$11,520.00.
2. The Respondents be and hereby are liable jointly and severally and shall pay to the Claimant Richard Williams the sum of \$18,480.00.
3. Each party shall bear their respective costs including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed.

claim filing fee:	\$120.00
hearing session deposit: \$400.00 x 2 sessions =	\$800.00
Total fees :	\$920.00

The arbitrators have determined that the Claimants shall bear one-half of the cost of arbitration and the Respondents shall bear one-half of the cost of arbitration.

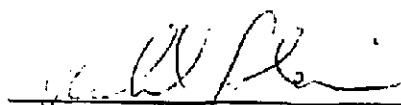
1. The Claimants are liable and shall pay to the NASD the sum of \$460.00. The Claimants previously paid \$800.00 and do not owe a balance.

2. The Respondents are jointly and severally liable and shall pay to the NASD the sum of \$460.00.

Fees are payable to the National Association of Securities Dealers, Inc.

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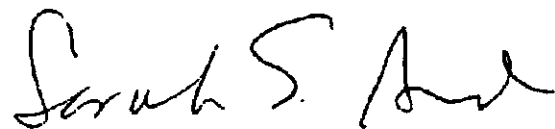
ARBITRATORS' SIGNATURE



Richard Slavin, Esq.
Public Arbitrator



Lotte Fields
Public Arbitrator



Sarah G. Anderson
Industry Arbitrator

NASD Date of Decision: May 15, 1996

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I, **Richard Slavin, Esq.**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that this is my decision in the above-captioned matter.

Richard Slavin

I, **Lotte Fields**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that this is my decision in the above-captioned matter.

Lotte Fields

I, **Sarah G. Anderson**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that this is my decision in the above-captioned matter.

Sarah G. Anderson

NASD Date of Decision: May 15, 1996