

A W A R D

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

In the Matter of the Arbitration Between

Name of Claimant

Penny DiRocco

95-01348

Name of Respondent

Piper Jaffray Inc.

REPRESENTATION

For Claimant Penny DiRocco ("DiRocco"): Lawrence D. Martin, Esq., of Naples, Florida.

For Respondent Piper Jaffray, Inc. ("Piper"): Joseph W. Anthony, Esq. of Fruth & Anthony, Minneapolis, Minnesota.

CASE INFORMATION

Statement of Claim filed: March 14, 1995.

Claimant's Submission Agreement signed: March 13, 1995.

Statement of Answer filed: June 1, 1995.

Respondent's Submission Agreement/Corporate Acknowledgment signed: April 3, 1995 by AnnDrea M. Benson on behalf of Piper.

HEARING INFORMATION

On October 28, 1996 and November 7, 1996 telephonic pre hearing conferences lasting two (2) sessions were conducted with the Chairperson of the panel.

On January 7, 8 and 9, 1997 and May 6, 7, and 8, 1997, hearings lasting twelve (12) sessions were conducted in Fort Lauderdale, Florida.

CASE SUMMARY

Claimant alleged that her portfolio was initially properly invested in securities in her personal

and IRA accounts which were suited for her current needs as well as for her retirement; that in 1989 Respondent's agent, Robert Roddy, purposely began a pattern of trading in unsuitable investment vehicles with high commissions and markups without break points or other discounts normally available to customers making the types of extremely large trades found in Claimant's accounts; and, that Respondent's agent engaged in this activity primarily to generate excessive commissions for himself and for his company without regard to his customer's investment goals or needs. Claimant further alleged that Respondent utterly failed to supervise its agent or review the pattern of trading in Claimant's accounts; that as a result of Respondent's reckless trading activity in Claimant's accounts, Claimant's accounts were over-concentrated in proprietary Piper Jaffray closed-end bond funds which utilized leverage to build a portfolio comprised of exotic mortgage derivatives; that the risks associated with these funds in Claimant's portfolio were never disclosed to Claimant; and, that Claimant was told that her funds were placed in such investments to park them in a safe place during an unsuitable interest rate environment. Claimant maintained that as a result of the unsuitable and deceptive recommendations, Claimant suffered substantial losses in her accounts.

Respondent denied all allegations of wrongdoing contained in Claimant's claim and maintained that Claimant was a sophisticated, knowledgeable and competent businesswoman who was aware that there was a risk involved in the investment strategies utilized in connection with her accounts. Respondent further asserted that certain of Claimant's claims were time barred and that Claimant received a reasonable return on her investments that was directly related to the investment strategy she determined to pursue.

RELIEF REQUESTED

Claimant requested compensatory damages of \$700,000.00, prejudgment interest of \$140,000.00 and attorneys' fees.

Respondent requested dismissal of the claim with prejudice and that Respondent be awarded its costs and disbursements, including attorneys' fees, together with such other and further relief as the panel may deem just and proper.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Piper is found not liable and, therefore, all claims against it are hereby dismissed.
2. Claimant's requests for prejudgment interest and attorneys' fees are denied.
3. Respondent's requests for costs and disbursements, including attorneys' fees, are denied.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$12,600.00 (twelve (12) hearing sessions x \$1,000.00 + two (2) pre hearing conferences x \$300.00).

1. Claimant is assessed forum fees in the amount of \$6,300.00 for which NASD Regulation, Inc. shall retain the \$1,000.00 previously deposited by Claimant in partial satisfaction thereof leaving a balance due to NASD Regulation, Inc. by Claimant of \$5,300.00.
2. Respondent is assessed forum fees in the amount of \$6,300.00 payable to NASD Regulation, Inc.
3. NASD Regulation, Inc. shall retain the \$250.00 claim filing fee paid by the Claimant.
4. Pursuant to Rule 10333 of the Code, Respondent Piper shall pay to NASD Regulation, Inc. the \$500.00 past due member surcharge, which was previously invoiced.

ARBITRATION PANEL

Concurring Arbitrators' Signatures

/s/

Mark C. Perry, Esq.

Public/Chairperson

/s/

Michael Lau

Public/Panelist

/s/

Raymond W. Snow

Industry/Panelist

Date of Decision: June 5, 1997