

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Harold L. and Dorothy S. Ballard

95-01639

Name of Respondents

Dean Witter Reynolds Inc.
Michael Kazacos

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 4, 1995, Claimants Harold L. and Dorothy S. Ballard, who appeared Pro Se, alleged that Respondents Dean Witter Reynolds, Inc. ("DWR") and Michael Kazacos ("Kazacos"), made misrepresentations and recommended unsuitable investments. Claimants further alleged that based on the recommendation of Respondent Kazacos, a representative of Respondent DWR, they purchased 4,000 shares of the TCW/DW Term Trust 2003 ("TCW") on April 22, 1993, for a total investment of \$40,000. Claimants contended that Kazacos represented that TCW was as safe as their savings account. Claimants further contended that based on Kazacos' recommendation, they also purchased 1,100 shares of InterCapital New York Quality Municipal Sec ("InterCapital") on September 29, 1993, for a total investment of \$16,500. Claimants alleged that their TCW investment was sold on December 15, 1994 after losing 29.4% of its value, and their InterCapital investment was sold on September 22, 1994 at a loss of 30.6%. Claimants further alleged that TCW and InterCapital were not suitable investments for them and had they been properly informed they would not have invested. As a result of the above, Claimants alleged that they have suffered a loss for which Respondents should be held liable.

Respondents Dean Witter Reynolds, Inc. and Michael Kazacos, through their representative, Kevin McCarthy, of Dean Witter Reynolds, Inc. in New York, NY, maintained that Kazacos informed Claimants that TCW was a very conservative investment which was designed to return their original investment in the year 2003. Respondents further maintained that Claimants were informed that TCW was a long term investment and that there could be price fluctuations and that because it was a municipal bond portfolio, it was interest rate sensitive and would have some market risk. Respondents contended that Claimants were never told that TCW was just as safe as money held in a savings account. Respondents further contended that Claimants' decision to sell TCW was a reflection of their panic at the decline in net asset value and ultimately caused them to incur their loss. Respondents maintained that the prospectus Claimants received for their InterCapital investment clearly stated the adverse effects that a rise in interest rates would likely result in and Claimants again panicked which caused them to suffer their loss. As a result of the above, Respondents maintained that they should not be held liable.

RELIEF REQUESTED

Claimants Harold L. and Dorothy S. Ballard, requested \$10,000.00 in actual damages.

Respondents Dean Witter Reynolds, Inc. and Michael Kazacos, requested that the claims of the Claimants be dismissed.

AWARD

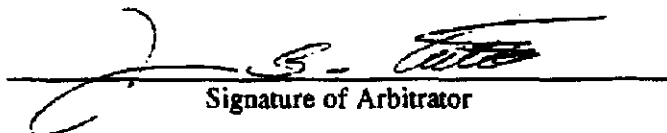
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, James B. Tuttle, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants Harold L. and Dorothy S. Ballard, on March 24, 1995, and not by the Respondents Dean Witter Reynolds, Inc. and Michael Kazacos, as required by Sections 12 & 13 of the NASD Code of Arbitration Procedure.

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. Respondents Dean Witter Reynolds, Inc. and Michael Kazacos, are jointly and severally liable and shall pay to the Claimants, Harold L. and Dorothy S. Ballard, \$7,500.00 in actual damages.
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 Harold L. and Dorothy S. Ballard, shall be retained by the NASD, Inc.

AFFIRMATION

I, JAMES B. TUTTLE, 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: February 23, 1996