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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Mountain Laundry Corporation Trust

95-03383

Name of Respondent

Dean Witter Reynolds, Inc.

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on July 14, 1995, Claimant, Mountain Laundry Corporation Trust ("Claimant"), through its representative, Paul W. Young, of Securities Arbitration Group, Inc., located at Marina del Rey, CA, alleged that Respondent, Dean Witter Reynolds, Inc. ("Respondent"), did not send a prospectus to Claimant for TCW/Dean Witter North American Government Trust prior to the buy date, did not review the prospectus with Claimant either prior to or after the buy date, nor did it inform Claimant of the risks involved. Claimant further alleged that Respondent recommended a risky mutual fund that went against Claimant's stated investment objectives. Claimant contended that Respondent, through its employee, Scott L. Dahlberg ("Dahlberg"), recommended the purchase of SCE Corporation as a safe, sound, secure and stable buy, with a consistent performance and high yield. Claimant further contended that it agreed to the purchase based on the recommendation and received information on the stock after a "harsh" request. Claimant further alleged that when it requested the documents upon which Dahlberg relied to support his recommendations, he sent a report which stated that SCE was not a timely stock and a report which stated that utilities were a good place to hide, which went against Claimant's stated investment objectives. Claimant contended that Respondent misrepresented by omission and commission, and failed to provide all information about the recommendations he made. Claimant further contended that Dahlberg failed to offer alternative investments for consideration by the customer and that as a result of the above, Respondent should be held liable.

Respondent, Dean Witter Reynolds, Inc., through its in-house counsel, Janet T. Epstein, Esq., located at San Francisco, CA, maintained that Dahlberg discussed Claimant's investment objectives with him prior to recommending any investment products and that Claimant was at all times apprised of the benefits and risks associated with both SCE and TNORA. Respondent further maintained that Dahlberg recommended the purchase of a Texas utility as a better investment, but that Claimant chose to invest in SCE, and that he recommended several mutual funds prior to Claimant's purchase of TNORA. Respondent contended that Claimant was sent a copy of the TNORA prospectus one month prior to its purchase and received an additional prospectus along with its confirmation slip. Respondent further contended that although Claimant complained of the investments in April of 1994, it did not sell SCE and waited until December of 1994 to sell TNORA, thereby ratifying the trades. Respondent maintained that as a result of the above, it should not be held liable.

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**RELIEF REQUESTED**

Claimant Mountain Laundry Corporation Trust, requested \$7,228.00 in actual damages, plus interest, costs and filing fees.

Respondent Dean Witter Reynolds, 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, Alan Stamm, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on May 22, 1995 and by the Respondent on September 12, 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 Mountain Laundry Corporation Trust, against Respondent Dean Witter Reynolds 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 Mountain Laundry Corporation Trust, shall be retained by the NASD, Inc.

**AFFIRMATION**

I, ALAN STAMM, 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.



Alan Stamm, Esq.

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DATE OF DECISION: December 12, 1995