

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Joel Margaretten

95-03683

Name of Respondent

Bank of America Investment Services, Inc.
Gary Pearson

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on August 1, 1995, Claimant Joel Margaretten ("Claimant"), who appeared Pro Se, alleged that Respondents Bank of America Investment Services, Inc. ("BAIS") and Gary Pearson ("Pearson"), in July, 1992, sold Claimant an investment in Putnam US Government Income Trust ("Trust"), which was unsuitable due to its risk to principal, and due to the Claimant's advanced age, and relative ignorance regarding such investments. Claimant further alleged he did not understand the 4.75% sales charge nor did he understand how interest rate fluctuations would affect his investment. Claimant contended that as a result of the above, he suffered loss for which the Respondents should be held liable.

Respondents Bank of America Investment Services, and Gary Pearson, through their Chief Compliance Officer, Erin O'Rourke, maintained that the Trust was suitable both in terms of Claimant's investment experience with other bonds, and in terms of his objectives of monthly income/safety of principal. Respondent further maintained that Claimant was fully notified orally and in writing regarding all relevant information, including sales charges, fees, and risks. Respondent contended that Claimant owned the investment for three years before filing any complaint, that he received and continued to receive dividend income from this investment and that he suffered no loss. Respondent Pearson, in a separate letter to NASD, reiterates the answers of Respondent BAIS. Respondents further maintained that as a result of the above, they should not be held liable.

RELIEF REQUESTED

Claimant Joel Margaretten, requested \$3,555.00 in actual damages.

Respondents Bank of America Investment Services and Gary Pearson, requested that the claims of the Claimant be dismissed in their entirety.

AWARD

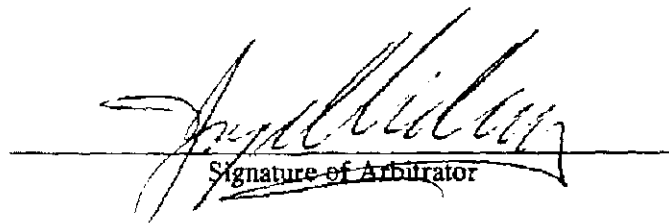
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, George Hubner, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Joel Margaretten, on July 24, 1995, and by the Respondents Bank of America Investment Services, Inc. and Gary Pearson, on September 29, 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 Joel Margaretten, against Respondents Bank of America Investment Services, Inc. and Gary Pearson, are denied in their entirety.
2. The parties shall bear their respective costs.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Joel Margaretten, shall be retained by the NASD, Inc.
4. All other relief requests are denied.

AFFIRMATION

I, **GEORGE HUBNER**, 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: January 12, 1996