

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

E. Boyd Taylor Family Trust

96-00950

Name of Respondents

A.G. Edwards & Sons, Inc. and
Piper Jaffray, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 4, 1996, Claimant E. Boyd Taylor appearing as trustee of the E. Boyd Taylor Family Trust ("Claimant"), who appeared Pro Se, alleged that Respondent A.G. Edwards & Sons, Inc. ("Respondent"), through its agent recommended unsuitable investments, made misrepresentations and omitted information about stocks. Claimant further alleged that Respondent's poor investment recommendations, which he followed to his detriment, included First Boston Strategic Income Fund, G.T. Greater Europe Fund, Bell South Corp., FNMA securities, Boston Edison, Van Kampen Merritt Short Term Global Income Fund, The Blackrock North American Government Income Trust and Colonial Intermarket Income Trust I. Claimant also alleged that his risk tolerance was low as he was an elderly man who invested for monthly income not growth and appreciation. Claimant contended that the above investments were presented as low risk or good income producers, but, in fact, they were either too risky or generated low or no income. Claimant further contended that the principal of several of his investments fell in value despite his desire for safe investments. Claimant also contended that Bell South Corp. yielded a scant .048% which did not cover the associated transaction costs. Claimant asserted that a Certificate of Deposit would have paid a higher return. Claimant further asserted that he decided to purchase Glaxo Holdings PLC, therefore, he will bear the loss on this stock. Claimants asserted that due to the wrongdoing of the Respondent, they suffered damages for which the Respondent should be held liable.

Respondent A.G. Edwards & Sons, Inc. ("Respondent") through its representative and in-house counsel, Norman S. Buckvar, Esq., maintained that Claimant's investment objective was growth. Respondent further maintained that he had 20 years of past investment experience in stocks and bonds and had an annual income of \$30,000.00. Respondent also maintained that its agent, Mr. Southwell, did not recommend the First Boston Strategic Income Fund. Respondent further maintained that the GT Greater Europe Fund was recommended to the Claimant for appreciation and was suitable as far as being consistent with the other unsolicited purchases that Claimant made such as Maytag, Luby's, Glaxo and Merck. Respondent contended that Bell South was also an unsolicited purchase and that Claimant was not looking for investments comparable to CD's when he made this purchase. Respondent also contended that the Claimant was aware that he was accepting estimated maturity dates and volatility in exchange for increased yield when he purchased FNMA because he had bought several different CMO's in the past. Respondent further contended that when Claimant purchased Boston Edison, he was a sophisticated investor who never implied that he purchased stocks which carried less than 15% down-side risk. Respondent maintained that with respect to the Van Kampen Merit Short Term Global Income Fund, it did not perform as expected, however, it was a suitable investment for the Claimant and as a result he must bare the risk of market fluctuation. Respondent also maintained that Claimant had experience with the Black Rock stock because he had purchased Black Rock at Piper Jaffray on several occasions. Respondent further maintained that when Claimant sold the Black Rock trust at the Respondent firm it was done on an unsolicited basis when he could have maintained his position and taken advantage of subsequent appreciation. Respondent contended that the Colonial Intermarket Income Trust I was a suitable recommendation and consistent with Claimant's objective, made by its agent, however, Claimant sold his position on an unsolicited basis in order to raise cash. Respondent also contended that Claimant should have notified it of the alleged acts or omissions after receiving written confirmations, monthly statements and other documents. Respondent further contended that it committed no wrongdoing and requested that the claims against it be dismissed.

Claimant's claim against Piper Jaffray, Inc. has been withdrawn and refiled under NASD Case No. 96-01605.

RELIEF REQUESTED

Claimant E. Boyd Taylor as trustee of the E. Boyd Taylor Family Trust requested \$4,722.54 in actual damages.

Respondent A.G. Edwards & Sons, Inc. requested that the claims of the Claimant be dismissed.

OTHER ISSUES CONSIDERED AND DECIDED

The arbitrator considered and reviewed all documentation submitted by the parties concerning Claimant's request to have his July 9, 1996, rebuttal to Respondent's Statement of Answer included as part of the record. The arbitrator granted the request.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Robert B. Morton, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on April 8, 1996, and by the Respondent on June 3, 1996.

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. Respondent A.G. Edwards & Sons, Inc. is liable and shall pay to Claimant E. Boyd Taylor as Trustee for the E. Boyd Taylor Trust \$1,231.64 in actual damages representing losses in G.T Greater Europe Fund, FNMA and The Blackrock North American Government Income Trust.
2. Respondent A.G. Edwards & Sons, Inc. is liable and shall pay to Claimant E. Boyd Taylor as Trustee for the E. Boyd Taylor Trust interest in the amount of \$281.38.
3. All other claims of the Claimant E. Boyd Taylor as Trustee for the E. Boyd Taylor Trust claims against Respondent A.G. Edwards are denied in their entirety.
4. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by Claimant shall be retained by the NASD, Inc.
5. All other relief requests are denied.

AFFIRMATION

I, **ROBERT B. MORTON**, 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: September 27, 1996