

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Jeanne Claire McBride

96-02053

Name of Respondent

Kurt Owen

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on May 13, 1996, Claimant Jeanne Claire McBride (hereinafter referred to as "Claimant"), who appeared Pro Se, alleged that based on the recommendation of a friend, she, a novice investor in her seventies, consulted with Respondent Kurt Owen (hereinafter referred to as "Respondent"), a broker at Piper Jaffray, about investing money she received from the sale of her house. Claimant further alleged that during her meeting with Respondent, she informed him that she was primarily interested in utility stocks and needed more income; Respondent, in turn, presented her with information on that type of security. Claimant contended that from the information presented, she selected several utility stocks in Pacific Northwest and instructed Respondent to purchase a certain amount of shares in each company. Claimant further contended that subsequent to these purchases, Respondent touted Templeton Growth Fund ("Templeton") as an investment which would increase in value and give her good growth and income for the rest of her life; however, he did not mention that there was any risk in investing in this security. Claimant asserted that when she queried Respondent as to how much money was needed to buy into the mutual fund, he responded that the minimum required was \$10,000.00. Claimant further asserted that, believing Respondent's recommendation of Templeton, she decided to invest an additional \$10,000.00 in this security. Claimant alleged that several weeks later, she received the prospectus for Templeton in the mail; the prospectus reflected that the buy-in price was \$100.00, which was contrary to the price conveyed to her by Respondent. Claimant further alleged that when she called Templeton's Florida headquarters to ascertain how much money was required to participate in Templeton, she was informed that, as reflected in the prospectus, the buy-in price was \$100.00. Claimant contended that she realized she "had been taken in by Respondent so that he could get a higher commission." Claimant further contended that when she learned that Templeton had lost money, she planned to sell her shares in same because she no longer had trust in Respondent's investment advice. Claimant asserted that her monetary loss in Templeton, which was \$3,373.00, was attributed to Respondent and his misuse of the knowledge that she was an unsophisticated investor. As a result of the foregoing, she also asserted that he should be held liable for the damages she suffered.

Respondent, through his representative, Mark S. Reed, who is a Vice President and Assistant General Counsel at Piper Jaffray, Inc. (hereinafter referred to as "Piper Jaffray"), asserted that with respect to Claimant's purchase of Templeton Growth Fund, he acted properly. Respondent further asserted that he provided Claimant with all information necessary to guide her in her decision to purchase Templeton. Respondent alleged that when he suggested to Claimant that she diversify her portfolio by investing in a mutual fund, particularly Templeton, she neither requested nor did he provide any information concerning this mutual fund's initial investment. Respondent further alleged that in response to her request as to "what he thought she should do", he recommended that she invest \$10,000.00 in Templeton. Respondent also alleged that contrary to Claimant's assertion that she received the Templeton prospectus several weeks after her purchase of the security, Piper Jaffray's internal records reflect that same prospectus was forwarded to her the day after she purchased the mutual fund. Respondent contended that at no time during the three months that Claimant held this investment did she raise a concern about same. Respondent further contended that Claimant's purported loss of \$3,370.00 was due to her decision to liquidate an investment which she understood to be long term in nature. As a result of the above, Respondent maintained that he should not be held liable in this matter.

#### **RELIEF REQUESTED**

Claimant Jeanne C. McBride requested \$3,370.00 in actual damages.

Respondent Kurt Owen requested that the Statement of Claim and all claims asserted against him therein be dismissed in their entirety; and that he be awarded attorneys' fees, costs, and expenses incurred in defending this matter and such further relief as may be appropriate.

#### **AWARD**

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, William L. Hawes, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Jeanne Claire McBride on May 9, 1996, and by the Respondent Kurt Owen on June 19, 1996.

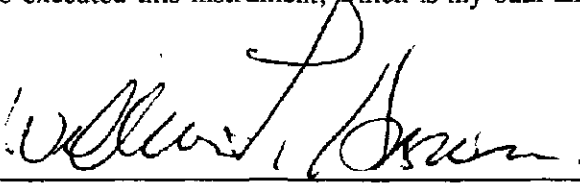
And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of Claimant Jeanne Claire McBride against Respondent Kurt Owen are dismissed in their entirety.
2. Respondent's request for attorneys' fees has been denied.
3. The parties shall bear their respective costs.
4. All other relief requests have been denied.

5. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Jane Claire McBride, shall be retained by the NASD, Inc. Respondent Kurt Owen is liable and shall pay to Claimant Jeanne Claire McBride, \$62.50 as reimbursement for one half of the filing fee.

**AFFIRMATION**

I, **WILLIAM L. HAWES.**, 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.

  
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**WILLIAM L. HAWES**

DATE OF DECISION:            October 22, 1996