

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Stanley E. Williams
Grayce Williams

96-02246

Name of Respondent

Piper Jaffray Inc..

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 28, 1996, Claimant Stanley E. and Grace Williams ("Claimants"), who appeared Pro Se, alleged that Respondent Piper Jaffray, Inc. ("Respondent") did not disclose material information concerning their purchase of 3300 shares of American Strategic Income Portfolio II ("BSP"). Claimants further alleged that in July of 1992, they purchased BSP because it was represented to them as a conservative interest yielding retirement investment. Claimants also alleged that Respondent did not bring up the BSP's volatile nature which is demonstrated by a substantial depletion in value. Claimants contended that as a result of the above, they have suffered a loss for which the Respondent should be held liable.

Respondent Piper Jaffray, Inc., through its representative, Michael A.G. Korengold, Esq., of the law firm of Leonard, Street and Deinard, located in Minneapolis, Minnesota, maintained that Claimants' allegations of wrongdoing follow a swift succession of interest rate hikes in early 1994. Respondent further maintained that bond and debt security values plummeted due to those rate hikes. Respondent also maintained that any losses incurred by the Claimants are a result of the rate hikes not due to wrongdoing on its part. Respondent contended that a prospectus was provided to Claimants which described the manner in which BSP would operate and discussed associated risks. Respondent further contended that Claimants are sophisticated and were willing to accept the risks inherent in this investment. Respondent also contended that the Claimants received account statements which reflected the fluctuating value of BSP, first an increase then a decrease, but that Claimants only complained when the value declined. Respondent asserted that as a result of the above, it should not be held liable.

RELIEF REQUESTED

Claimants Stanley E. and Grayce Williams requested "the difference in the purchase price of the remaining 2000 shares and the current market value or approximately \$8,500.00."

Respondent Piper Jaffray, Inc. requested that the claims be dismissed in their entirety.

AWARD

Pursuant to Section 10302 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, John H. L'Estrange, Jr., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants Stanley and Grayce Williams on May 25, 1996, and by Respondent Piper Jaffray, Inc. on June 10, 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 the Claimants Stanley E. and Grayce Williams against Respondent Piper Jaffray, Inc. are denied 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 Claimants shall be retained by the NASD, Inc.
4. All other relief requests are denied.

AFFIRMATION

I, JOHN H. L'ESTRANGE, JR., 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: October 7, 1996