

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

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In the Matter of the Arbitration Between

Name of Claimant

Richard Veerman

96-04234

Name of Respondent

Dean Witter Reynolds Inc.

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CASE SUMMARY

In a case filed with National Association of Securities Dealers Regulation, Inc. on September 23, 1996, claimant Richard Veerman ("claimant"), who appeared Pro Se, alleged that respondent Dean Witter Reynolds, Inc. ("Dean Witter") purchased bonds for him that were unreasonably high. Claimant further alleged that on March 4, 1996, a portfolio of municipal bonds were purchased by his broker with the understanding that he would receive competitive prices. Claimant also alleged that on April 10, 1996, he verbally advised his broker that the prices paid for the bonds were unacceptable. Claimant asserted that on June 15, 1996, he was advised that the prices paid for the bonds were competitive and that Dean Witter considered his request for justification without merit. Claimant further asserted a letter from Stern & Company documenting the "bid" prices as of March 7. Claimant also asserted that some slight distortion might prevail between the March 4 purchase date and the March 7 quotes, however, the difference should not be significant.

Respondent Dean Witter, through its representative and counsel Janet T. Epstein, maintained that on March 4, 1996, claimant placed an unsolicited order to purchase six different bond issues with a total par value of \$30,000. Respondent further maintained that a little later that morning, claimant called and decided to purchase an additional \$15,000. Respondent also maintained that all bonds were purchased that day and the confirmation slips were sent out. Respondent contended that the next day, March 5, the bond prices began to decline amid worry that statistics showing growth in national employment could dim prospects for lower interest rates. Respondent further contended that amid this environment, claimant's newly purchased bonds reacted in line with the bond market in general.

Respondent also contended that in early April 1996, when claimant received his March 1996 monthly account statement, he contacted his broker Mr. Brewer and advised him that he had clearly paid too much for the bonds. Respondent maintained that Mr. Brewer's supervisor reviewed the transaction with the Municipal Bonds Department and found no evidence to support claimant's claim. Respondent further maintained that rather than providing the asks price, which is the price bondholders are willing to sell, Stern provided claimant with the bid price, which is the price buyers are willing to pay. Respondent also maintained that Carol Schachner ("Schachner"), Senior Compliance Counsel in Dean Witter's New York office, did her own independent investigation, and stated that her research indicated that claimant had paid fair prices on his California State Public Works Board ("California") and Signal Hills, CA Redevelopment Agency ("Signal Hill") bonds. Respondent contended that she also found that claimant overpaid \$125

on Los Angeles, CA Wastewater System ("LA Wastewater") and may have overpaid somewhere between \$100-\$350 total on Alum Rock, CA Unified Elementary School District ("Alum Rock"), Walnut Creek, CA, John Muir Medical Center ("Walnut Creek") and Calleguas-Las Virgenes, CA PFA MWD ("Calleguas"), but could not confirm it. Respondent further maintained that Ms. Schachner found no actual wrongdoing on the part of Dean Witter, but preferred to err on the side of the customer, and offered to settle the matter for \$350.00. Respondent also maintained that unfortunately, while Ms. Schachner's response was mailed, claimant filed this arbitration claim.

### **RELIEF REQUESTED**

Claimant Richard Veerman requested a refund of the difference between the bid prices in effect on March 7, 1996 and actual prices paid.

Respondent Dean Witter requested that the claims of claimant be dismissed in their entirety.

### **AWARD**

Pursuant to Rule 10302 of the Code of Arbitration Procedure, a single Public Arbitrator Norman Cohen, was selected to review the matter in controversy between the parties set forth in submission to Arbitration signed by claimant Richard Veerman on September 16, 1996, and by respondent Dean Witter on November 11, 1996 as required by Rules 10301 and 10302 of the Code of Arbitration Procedure.

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 Dean Witter be and hereby is liable and shall pay claimant Richard Veerman the sum of \$650.00 in actual damages.
2. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers Regulation, Inc. by claimant shall be retained by NASD Regulation, Inc.
3. All other relief requests are denied.

### **AFFIRMATION**

I, **Norman Cohen, 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.



Norman R. Cohen, Esq.

Date of Decision: April 11, 1997