

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

In the Matter of the Arbitration Between

Name of Claimants

Mollie Leff and Marsha Aarons

96-04628

Name of Respondents

Janney Montgomery Scott Inc.
Thomas Lynch

REPRESENTATION

Claimants Mollie Leff ("Leff") and Marsha Aarons ("Aarons") or ("claimants") appeared Pro Se.

For respondents Janney Montgomery Scott ("JMS") and Tim Lynch ("Lynch") appeared their representative Paula Shaffner, Esq. of the law firm Saul, Ewing, Remick & Saul located in Philadelphia, PA.

CASE INFORMATION

Statement of Claim filed: October 17, 1996.

Claimants' Submission Agreement signed on: October 4, 1996.

Joint Statement of Answer filed by Respondents on: December 11, 1996.

Respondent JMS and respondent Lynch's Submission Agreements were signed on:
November 7, 1996.

HEARING INFORMATION

Hearing Dates/Sessions: March 13, 1997 - two sessions

The hearings were conducted at the Westin William Penn Hotel located in Pittsburgh, PA.

CASE SUMMARY

Claimants alleged that in July of 1992, Leff, a 79 year old widow, closed a certificate of deposit account and received advice from respondents, a full service brokerage firm, as how to invest

the \$40,000.00 she received. Claimants further alleged that they opened a joint account and that respondents were informed that 1) the money represented Leff's life savings, 2) was Leff's sole source of income, 3) that she desired preservation of capital, and 4) wanted a guaranteed and reasonable monthly dividend. Claimants also alleged that they followed respondents advice to purchase American Government Income Portfolio ("American"), a fund managed by Piper Jaffray, and that in 1993 it began losing substantial value. Claimants contended that Leff contacted Lynch about the declining value in August of 1994 to which he offered no explanation concerning problems related to American. Claimants further contended that respondents did not properly monitor Leff's investment which compounded the losses in American.

Claimants asserted that American was an unsuitable risky investment that did not comply with Leff's investor profile or objectives which, in fact, required conservative investing. Claimants further contended that as a result of the above, they have suffered a loss for which the respondents should be held liable.

Respondents denied any and all allegations of wrongdoing or liability in the claim. Respondents maintained that the American investment was suitable and Lynch monitored market conditions and kept claimants informed about the status of the investment. Respondents further maintained that Lynch spent time reviewing investment options with claimants including comparisons between corporate bonds, government bonds and mutual funds. Respondents also maintained that claimants indicated that Leff desired a reasonable, yet guaranteed return distributed monthly while preserving capital and that he recommended American which was accepted by the claimants. Respondents contended that American performed without problem until late 1993 at which time he spoke to people at Piper Jaffray who gave him information which was passed on to Leff. Respondents further contended that American's value fluctuated during the first few months of 1995 and that on two separate occasions Lynch recommended that the investment be sold but that claimants' family members were involved in rejecting his recommendations. Respondents also contended that claimants received over \$20,000.00 in income from the investment and that as a result of the above, they should not be held liable.

RELIEF REQUESTED

Claimants requested \$18,700.00 in actual damages plus arbitration filing fees.

Respondents requested that the claims be dismissed in their entirety.

OTHER ISSUES CONSIDERED & DECIDED

Respondents requested that the claim be dismissed under Rule 10301(d)(2) of the NASD Code of Arbitration Procedure. The panel considered all documentation submitted and testimony offered on this issue and denied the request.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with NASD Regulation, Inc..

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. The claims of the claimants Mollie Leff and Marsha Aarons against respondents Janney Montgomery Scott Inc. and Thomas Lynch be and hereby are dismissed in their entirety.
2. The parties shall bear their respective attorney's fees and costs
3. All other relief requests are denied.

FORUM FEES

Pursuant to Section 10332(c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$100.00 non-refundable filing fee previously deposited by claimants and have assessed the following forum fees:

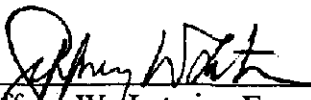
two sessions x \$400.00	= \$800.00
minus claimants' \$400.00 deposit	= <u>\$400.00</u>
total outstanding	= \$400.00

Claimants be and hereby liable for the sum of \$400.00 representing one-half of the total amount of forum fees assessed. Claimants previously deposited \$400.00 with NASD Regulation. Therefore, nothing is owed to NASD Regulation by claimants.

Respondents be and hereby and jointly and severally liable for the sum of \$400.00 representing one-half of the total amount of forum fees assessed. Therefore, respondents shall pay \$400.00 to NASD Regulation in satisfaction of outstanding forum fees.

ARBITRATORS' SIGNATURES

I, Jeffrey W. Letwin, Esq. do hereby swear or affirm that I am the individual described herein, and who executed this instrument which is my oath and award.



Jeffrey W. Letwin, Esq.
Public Chairperson

I, Frank C. Fogl, Jr., Esq., do hereby swear or affirm that I am the individual described herein, and who executed this instrument which is my oath and award.

Frank C. Fogl, Jr., Esq.
Industry Arbitrator

I, Gerhard W. Elm, do hereby swear or affirm that I am the individual described herein, and who executed this instrument which is my oath and award.

Gerhard W. Elm
Public Arbitrator

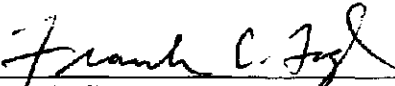
Date of Decision: May 2, 1997

ARBITRATORS' SIGNATURES

I, Jeffrey W. Letwin, Esq. do hereby swear or affirm that I am the individual described herein, and who executed this instrument which is my oath and award.

Jeffrey W. Letwin, Esq.
Public Chairperson

I, Frank C. Fogl, Jr., Esq., do hereby swear or affirm that I am the individual described herein, and who executed this instrument which is my oath and award.



Frank C. Fogl, Jr., Esq.
Industry Arbitrator

I, Gerhard W. Elm, do hereby swear or affirm that I am the individual described herein, and who executed this instrument which is my oath and award.

Gerhard W. Elm
Public Arbitrator

Date of Decision: May 2, 1997

ARBITRATORS' SIGNATURES

I, Jeffrey W. Letwin, Esq. do hereby swear or affirm that I am the individual described herein, and who executed this instrument which is my oath and award.

Jeffrey W. Letwin, Esq.
Public Chairperson

I, Frank C. Fogl, Jr., Esq., do hereby swear or affirm that I am the individual described herein, and who executed this instrument which is my oath and award.

Frank C. Fogl, Jr., Esq.
Industry Arbitrator

I, Gerhard W. Elm, do hereby swear or affirm that I am the individual described herein, and who executed this instrument which is my oath and award.



Gerhard W. Elm
Public Arbitrator

Date of Decision: May 2, 1997