

STATE OF NEBRASKA
Department of Banking & Finance

In the Matter of U.S. Bancorp Piper)	FINDINGS OF FACT
Jaffray, Inc., 800 Nicollet Mall,)	CONCLUSIONS OF LAW
Minneapolis, Minnesota,)	AND
)	CONSENT ORDER
RESPONDENTS.)	

THIS MATTER comes before the Nebraska Department of Banking and Finance ("DEPARTMENT"), by and through its Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1124 (Reissue 1997; Cum. Supp. 2000; Supp., 2001) ("Act"). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 1997), the DEPARTMENT has investigated the acts of U.S. Bancorp Piper Jaffray, Inc., 800 Nicollet Mall, Minneapolis, Minnesota. As a result of such investigation, and being duly advised and informed in the matter, the Director and U.S. Bancorp Piper Jaffray, Inc., enter into the following Findings of Fact, Conclusions of Law, and Consent Order ("Order").

FINDINGS OF FACT

1. U.S. Bancorp Piper Jaffray, Inc., ("PIPER JAFFRAY") is a corporation organized under the laws of the State of Delaware with its principal place of business at 800 Nicollet Mall, Minneapolis, Minnesota. PIPER JAFFRAY underwent a name change when Piper Jaffray, Inc., formerly known as Piper Jaffray Hopwood, Inc., was acquired by U.S. Bancorp on May 1, 1998. For purposes of this Order, PIPER JAFFRAY will be used to refer to U.S. Bancorp

Piper Jaffray, Inc., and all predecessors. At all times relevant to this order, PIPER JAFFRAY has been registered in Nebraska as a broker-dealer.

2. In 1984, Richard G. McCartney, a Nebraska resident, established a self-directed individual retirement account with PIPER JAFFRAY.

3. Prior to June 30, 1990, the account statements from PIPER JAFFRAY which McCartney received included shares of Delaware Group Decatur I Fund ("Delaware shares") under the heading "Assets not Held at PJH" According to the account statement for the period ending June 29, 1990, McCartney owned 370 Delaware shares, valued at \$6,138.30. Account statements after June 30, 1990, did not include the Delaware Shares.

4. On or about May 9, 1991, PIPER JAFFRAY sent a letter of instruction to Delaware Distributors, the national distributor for the Delaware Investments Family of Funds including the Delaware Group Decatur I Fund, requesting the transfer of all assets from the account of Viola M. Wehrli to an account for Viola M. Erickson to facilitate a name change. Inadvertently, the account number referenced in the letter was the number for McCartney's account. Consequently, the shares were transferred from Mr. McCartney's account to Ms. Erickson's account.

5. In 1992, McCartney transferred his account from PIPER JAFFRAY to Ameritas Investment Corp. In 1996, the account was transferred to Edward Jones. The Delaware shares were not included in the assets transferred.

6. In 1999, McCartney discovered that the Delaware shares did not appear on any account statement from PIPER JAFFRAY after June 29, 1990.

McCartney, through an agent, contacted PIPER JAFFRAY for an explanation of the removal of the Delaware shares from the account statements. During PIPER JAFFRAY's inquiry into this matter, the erroneous transfer of the Delaware shares from McCartney to the Wehri/Erickson account was discovered.

7. On October 3, 2001, PIPER JAFFRAY settled McCartney's complaint for \$8,786.00. This amount is equal to the value of the shares as of June 30, 1990 plus interest.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 8-1103(9)(a)(xi) (Supp. 2001) provides, in part, that the director may impose a fine pursuant to subsection (4) of Section 8-1108.01, upon any broker-dealer who has failed to reasonably supervise its agents or employees.

2. The facts set forth above constitute failing to reasonably supervise employees to prevent the transfer of securities without a client's authorization.

3. Under the Act's statutory framework, the Director has legal and equitable authority to fashion significant protective remedies.

4. It is in the best interests of all parties, and it is in the public's best interest, to resolve the issues included herein.

CONSENT ORDER

NOW, THEREFORE, the parties to this Order agree as follows:

Stipulations: In connection with this Order, U.S. Bancorp Piper Jaffray, Inc. and the Director stipulate to the following:

1. The DEPARTMENT has jurisdiction as to all matters herein.
2. This Order shall resolve all matters known to the DEPARTMENT as of the date of this Order related to the complaint regarding the administration of McCartney's account with respect to the Delaware Shares.
3. An Order should be entered in this matter, which shall be in lieu of other proceedings by the DEPARTMENT, except as specifically referenced in this Order.

U.S. Bancorp Piper Jaffray, Inc., further represents as follows:

1. PIPER JAFFRAY is aware of its right to a hearing on this Order at which it may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.
2. PIPER JAFFRAY is acting free from any duress or coercion of any kind or nature.
3. This Order is executed to avoid further proceedings. PIPER JAFFRAY neither admits nor denies that the facts recited herein constitute a violation of the Act.


IT IS THEREFORE ORDERED that U.S. Bancorp Piper Jaffray, Inc., shall pay a fine in the amount of five thousand dollars (\$5,000), payable to the Nebraska Department of Banking and Finance, within thirty (30) days of the date of this Order.

In the event U.S. Bancorp Piper Jaffray, Inc., fails to comply with the provisions of this Order, the DEPARTMENT may commence such action as it deems necessary and appropriate in the public interest.

FURTHER, U.S. Bancorp Piper Jaffray, Inc., agrees to take whatever action is necessary to ensure compliance with all provisions of the Act in the future. If, at any time, the DEPARTMENT determines U.S. Bancorp Piper Jaffray, Inc., has committed any other violations of the Act, the DEPARTMENT may take any action available to it under the Act.

Dated: 5/13/02

U.S. BANCORP PIPER JAFFRAY, INC.

By: 
Printed Name: JOSEPH A. FLEMING
Title: Chief Compliance Officer

Dated: 5-20-02

STATE OF NEBRASKA
DEPARTMENT OF BANKING & FINANCE

By: 
Samuel P. Baird
Director of Banking and Finance

