

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

In the Matter of Piper Jaffray & Co.)
and Brady Vollmers;)
Respondents.) **CONSENT ORDER**

The North Dakota Securities Commissioner has advised the Respondents, Piper Jaffray & Co. (Piper Jaffray) and Brady Vollmers, that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined as follows:

1. Respondent Piper Jaffray is a securities broker-dealer headquartered in Minneapolis, Minnesota. Piper Jaffray is, and for all times relevant to this matter, has been registered as a broker-dealer with the Securities Department.
2. Respondent Brady Vollmers (CRD # 2093564) is an agent employed by and associated with Piper Jaffray. Respondent is, and for all times relevant to this matter, has been registered in North Dakota as a securities agent of Piper Jaffray.
3. On August 29, 2005, the Securities Commissioner issued an order titled, "Order for and Notice of Civil Penalty and Notice of Right to Request a Hearing" (hereinafter, "Penalty Order") in the above-referenced matter. Respondents have made a timely request for a hearing.
4. On or around October 18, 2001, Vollmers advised Joyce and Myron Rosene, both North Dakota residents, to surrender two variable annuities and to sell six mutual funds and, with the proceeds, to purchase two variable annuities.

5. The transactions described in paragraph 4, above, do not appear to have been suitable for the investors for the following reasons:

a. There were surrender penalties charged in connection with the transactions. (There would have been no surrender penalties had the transaction occurred seven months later).

b. There are higher internal expenses in the replacement annuities.

c. The replacement annuities had more restrictions on the waiver of surrender penalties based on medical need. (The original annuities would have been beyond the surrender period before the waiver became effective in the replacement annuities).

d. The minimum guaranteed interest account was lower in the replacement annuities.

e. Annuitization rates are lower on the replacement annuities.

6. The sales of the six mutual funds described in paragraph 4, above, were marked “unsolicited” though the transactions were solicited. The improper designation of the transactions was in violation of N.D.A.C. §§ 73-0209-02(25) and 73-02-09-03(6).

7. With respect to the annuity transactions described in paragraph 4, above, Respondents did not comply with the compliance procedures established by Piper Jaffray in that the Respondents did not timely maintain (and may not have created) an “annuity worksheet” with respect to the transactions in Mr. Rosene’s account. Piper Jaffray accordingly failed to supervise Vollmers with respect to this matter in that it failed to comply with its own procedure. Piper Jaffray is required to supervise its agents, pursuant to N.D.C.C. § 10-04-11(1)(m).

8. Pursuant to N.D.C.C. § 10-04-16(1), when it shall appear to the Commissioner that any person has engaged in, or is engaging in, or is about to engage in any act or practice which is declared illegal in this chapter, the Commissioner may issue any order and collect civil penalties

against any person found in an administrative action to have violated any provision of the chapter in an amount not to exceed \$10,000 for each violation. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondents pursuant to N.D.C.C. § 10-04-16(1).

9. Respondents acknowledge their rights to a hearing on this matter and waive these rights to a hearing and to present arguments to the Commissioner.

10. Respondents agree to resolve this matter with the Securities Commissioner by this Consent Order.

11. The following Order is necessary and appropriate in the public interest and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondent, Piper Jaffray, shall properly supervise the activities of its agents with regard to all securities-related activity in North Dakota.
2. Respondents shall pay \$4,537.62, which is the amount of funds received in commissions and fees related to the transactions described in this Consent Order, as disgorgement to the Investor Restitution Fund. Additionally, Respondents shall pay \$2,666.04 to the Investor Restitution Fund, such amount being the surrender penalties incurred by the investors based on the surrender of their investments. Those funds will be paid to the Rosenes.
3. Respondents shall pay a civil penalty of \$10,000, made payable to the North Dakota Securities Department, pursuant to NDCC §10-04-16(1).
4. The Order for and Notice of Civil Penalty and Notice of Right to Request a Hearing issued by the Commissioner on August 29, 2005, as discussed above, is hereby vacated.

5. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 28th day of June, 2006.





Karen J. Tyler, Securities Commissioner
North Dakota Securities Department

State Capitol-5th Floor
600 East Boulevard Ave.
Bismark, ND 58505-0510
(701) 328-2910

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SECURITIES DEPARTMENT

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**CONSENT TO ENTRY
OF ORDER**

Based on mutual concessions and a willingness to resolve all matters discussed in the foregoing Consent Order, each of the undersigned persons, on behalf of the Respondents, state that:

1. He or she has read the foregoing Consent Order, and knows and fully understand its contents and effects.
2. The Respondents have been advised of their rights to a hearing with regard to this matter, and have specifically waived their rights to a hearing.
3. The foregoing Consent Order constitutes the entire settlement agreement between the Respondents and the Securities Commissioner, there being no other promises or agreements, either expressed or implied.
4. The Respondents neither admit nor deny the factual determinations of the Commissioner, as set forth in the foregoing Consent Order, and they are specifically precluded from denying those determinations in any forum, public or otherwise.
5. The Respondents consent to entry of the foregoing Consent Order by the Securities Commissioner, and do so willingly for the purpose of resolving the issues described in the foregoing Consent Order.

Dated this 16th day of June, 2006.

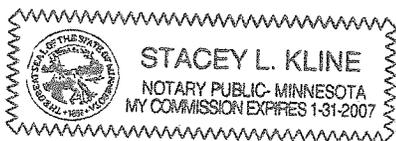
Piper Jaffray & Co.
800 Nicollet Mall, Suite 800
Minneapolis, MN 55402-7020

Mark S. Reed

By: MARK S. REED

Its: Deputy General Counsel

Subscribed and Sworn before me this 16th day of June, 2006.



(Notary Seal)

Stacey L. Kline
Notary Public
State: MN County: Hennepin
My Commission Expires: 1-31-07

Dated this _____ day of _____, 2006.

Brady J. Vollmers
Piper Jaffray & Co.
1400 W Century Ave
Bismarck, ND 58501

Subscribed and Sworn before me this _____ day of _____, 2006.

(Notary Seal)

Notary Public
State: _____ County: _____
My Commission Expires: _____

Dated this _____ day of _____, 2006.

Piper Jaffray & Co.
800 Nicollet Mall, Suite 800
Minneapolis, MN 55402-7020

By: _____

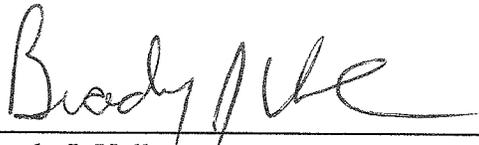
Its: _____

Subscribed and Sworn before me this _____ day of _____, 2006.

(Notary Seal)

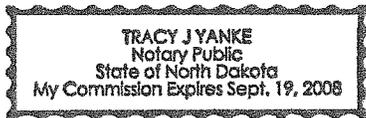
Notary Public
State: _____ County: _____
My Commission Expires: _____

Dated this 16 day of June, 2006.



Brady J. Vollmers
Piper Jaffray & Co.
1400 W Century Ave
Bismarck, ND 58501

Subscribed and Sworn before me this 16 day of June, 2006.



(Notary Seal)



Notary Public
State: ND County: Burleigh
My Commission Expires: _____