

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Dona D. McDonald and
Harry E. McDonald

Claimants

vs.

Drexel, Burnham, Lambert, Inc.

Respondent

CASE NO. 88-01136

Heard Before the Members of the Arbitration Panel:

Joseph J. Aron

SUMMARY OF ISSUES

This case was filed on July 6, 1988.

Claimant Dona D. McDonald purchased from Respondents a \$9,000.00 debenture issued by Public Service of New Hampshire. Claimant alleges that she was assured that the debenture was fully secured, when, in fact, it was unsecured.

Subsequent to the sale, the debenture lost face value and interest payments were suspended.

Respondent alleges that the Claimant was fully aware of the unsecured nature of the debenture and purchased it because of its high interest yield.

DAMAGES AND RELIEF REQUESTED

Claimant seeks to recover \$9,270.00, representing the purchase price of the debenture plus reasonable interest and commissions.

Respondent seeks dismissal of the claim in its entirety and unspecified costs.

Prepared by the N.A.S.D. Staff
July 19, 1989

Docket

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Donna D. McDonald

Claimant(s)

vs.

Drexel Burnham, Lambert
and Cy Cerro

Respondent(s)

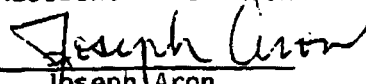
CASE #88-01136

AWARD

On May 24, 1989 the arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Donna M. McDonald on April 7, 1988 and by Respondent(s) Drexel Burnham, Lambert and Cy Cerro on July 6, 1988. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Drexel Burnham, Lambert is solely liable and shall pay to claimant the principal sum of Nine Thousand Six Hundred Fifty Dollars and No Cents (\$9,650.00).
2. Drexel Burnham, Lambert is also liable and shall pay to claimant One Thousand Two Hundred Dollars and No Cents in interest (\$1,200.00).
3. Claimant shall tender to respondent Drexel Burnham, Lambert free of all incumbrances, certificate #R7668 representing ownership of a debenture issued by Public Service Company of New Hampshire, and the right to receive all unpaid dividends that have accumulated from the date of the last interest payment received by the Claimants.
4. All other claims of Claimant are dismissed.
5. The parties shall each bear their respective costs including attorneys's fees.
6. Pursuant to Section 43 of the National Association of Securities Dealers, Inc. (NASD) Code of Arbitration Procedure, the NASD shall retain the \$200.00 filing fee previously deposited by the Claimant.

PRESIDING ARBITRATOR


Joseph Aron