

**MSRB**  
MUNICIPAL SECURITIES RULEMAKING BOARD

APR 6 1990

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In the Matter of the Arbitration between	:	
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ARTHUR PFIRMAN and CONSTANCE PFIRMAN,	:	
Claimants,	:	AWARD
v.	:	
	:	
J.C. BRADFORD & CO. and PAUL JAGACINSKI,	:	MS 89-103
Respondents.	:	

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The Undersigned, pursuant to section 31 of MSRB rule G-35, hereby state as follows:

**CASE SUMMARY**

Claimants allege that Respondents J.C. Bradford & Co. ("Bradford") and Paul Jagacinski ("Jagacinski"), a registered representative of same, failed to disclose the existence of an extraordinary redemption provision prior to selling to Claimants certain Department of Veterans Affairs of the State of California Home Purchase Revenue Bonds, 1983 Series A ("the bonds"). Claimants allege that they initially contacted Bradford in response to Bradford's newspaper advertisement for the bonds and were referred to Jagacinski, who told them, among other things, that the bonds were callable in 1994. Claimants allege that they subsequently purchased from Respondents \$100,000 face amount of the bonds at a premium, and Bradford's confirmation of their purchase reiterated Jagacinski's oral representation that the bonds were callable on 8/1/94. Claimants further allege that the bonds they purchased were called for redemption approximately eleven months later, and that the possibility of this redemption had not been disclosed by Respondents in the advertisement, at the time of sale, or on the confirmation. Claimants maintain that Respondents' failure to disclose the extraordinary redemption provision constitutes a material omission and/or misrepresentation and violates applicable rules and practices of the securities industry.

Respondents maintain that Claimants were expressly advised by Jagacinski on on less than two occasions prior to settlement of the transaction of the existence of the extraordinary redemption provision. Respondents also argue that Claimants were given the opportunity to break the trade on settlement date, but elected to purchase the bonds and assume the risk of the extraordinary redemption provision. In addition,

Respondents argue that Claimants were knowledgeable investors who had purchased a bond with a similar redemption provision from another dealer one month before their purchase of the bonds in dispute. Respondents further argue that Claimants admitted that they had been aware of the existence of the extraordinary redemption provision upon learning that the redemption had occurred. Respondents contend that they have complied with industry rules and practices regarding disclosure at the time of sale and confirmation disclosure.

#### RELIEF REQUESTED

Claimants request an award of \$12,360 for the premium which they paid for the bonds, plus interest at 8% on this amount for two years from the settlement date of September 9, 1988, their costs, attorney's fees, and punitive damages. Respondents request that Claimants' claims be dismissed.

#### AWARD

On July 12, 1990, in San Diego, California, the undersigned arbitrator heard the controversy between the parties set forth in submissions to the arbitrator signed by Claimants on December 4, 1989; by Bradford on February 26, 1990; and, by Jagacinski on March 9, 1990. The undersigned, 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, that:

1. Bradford shall pay to Claimants \$9,320.40, which amount includes interest.
2. Claimants' claims against Jagacinski, and for their costs and attorney's fees, and for punitive damages, are dismissed.
3. Claimants' \$400 arbitration deposit shall be refunded to Claimants by the MSRB and assessed against Bradford as forum fees, pursuant to MSRB rule A-16(2).

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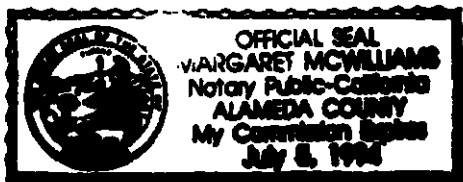
Public Arbitrator

Dated: *August 3, 1990*

STATE OF CALIFORNIA  
COUNTY OF ALAMEDA

ss.:

On this 3rd day of August, 1990, before me personally  
appeared \_\_\_\_\_ to me known and known to me to be the  
individual described in and who executed the foregoing instrument  
and he duly acknowledged to me that he executed the same.



*Margaret McWilliams*

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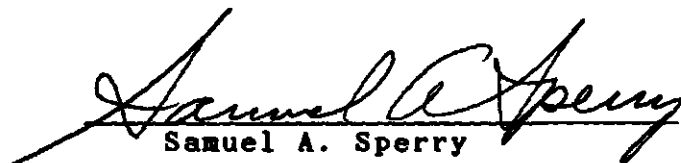
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Samuel A. Sperry

Dated: August 3, 1990