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M.S.R.B.

In the Matter of the Arbitration between :  
:  
:  
Claimants, :  
:  
v. :  
:  
MICHAEL STEIN; DAVID LINDNER and :  
KIRLIN SECURITIES, INC., :  
Respondents. :  
:

AWARD

MS 89-106

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

#### CASE SUMMARY

Claimants allege that Respondent Michael Stein, while he was employed at A.F. Green & Co. and later with Respondent Kirlin Securities, Inc., made inappropriate investments for Claimants and failed to keep Claimants adequately informed concerning same. Claimants allege that they were inexperienced investors seeking safe, tax-free income and they relied upon Michael Stein to guide them concerning their investment decisions. Claimants further allege that Michael Stein steered them into zero coupon municipal bonds maturing in 2015, 2017 and 2029 and that these were unsuitable investments in view of the fact that Claimants were senior citizens. Claimants also allege that Respondents failed to provide them with account statements and did not respond in a timely manner to their requests for an evaluation of their portfolio. Claimants contend, based on the foregoing, that Respondents should be required to reimburse them for principal lost in the sale of the bonds.

Respondents contend that Claimants' stated investment objectives were long-term growth and preservation of principal. Respondents argue that the characteristics of zero coupon bonds were discussed with Claimants and Claimants understood and liked what they were buying. Respondents argue that Claimants' losses can be attributed to the excessive prices they paid for the bonds at A.F. Green & Co. and that, as a salesman, Michael Stein was not involved in the pricing of the bonds. Respondents also attribute Claimants' losses to the short time that they held their bonds, the downturn in the market for bonds of this type, and their not getting the best prices they could have in selling the bonds. In addition, Respondents argue that account statements were sent to Claimants from Kirlin Securities, Inc.'s

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clearing agent, and an incorrect mailing address for Claimants was corrected as soon as Respondents became aware of same.

#### RELIEF REQUESTED

At the hearing, Claimants requested an award of \$15,999.50, which was an amendment to the losses alleged in the pleadings by Murral Israel, individually, and/or Murral Israel and Ruth Israel, as joint tenants with rights of survivorship. Also at the hearing, additional losses of approximately \$5,104 were alleged by Ruth Israel, individually, and/or as joint tenant with her son Dennis Sandberg, and her grandson Noah Sandberg.

Respondents maintain that they acted in good faith and should not be held responsible for Claimants' losses.

#### AWARD

On June 21, 1990, in New York City, New York, the undersigned arbitrators heard the controversy between the parties set forth in submissions to the arbitrators signed by Claimants on December 11, 1989 and by Respondents on March 7, 1990. 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, that:

1. Respondent Michael Stein shall pay to Claimants \$6,000.
2. Claimants' claims against Respondents David Lindner and Kirlin Securities, Inc. shall be dismissed.
3. Claimants' \$400 arbitration deposit shall be refunded to Claimants by the MSRB.

  
Mark E. Feuerstein

  
Richard B. Thompson

  
W. Jeffrey Weinlandt

Dated: Aug. 16, 1990

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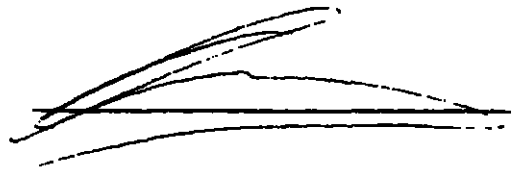
M.S.R.D.

STATE OF  
COUNTY OF

ss.:

On this 6 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.

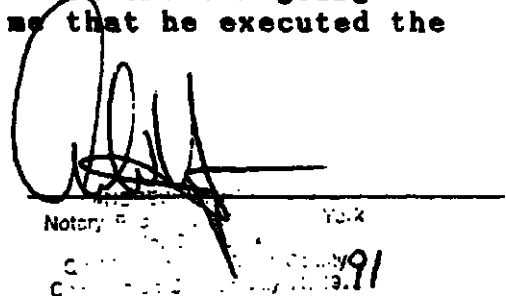
DAVID GOODMAN  
Notary Public, State of New York  
No. 31-859836  
Qualified in New York County  
Commission Expires March 30, 1991  
Dec 30, 1990



STATE OF  
COUNTY OF

ss.:

On this 14<sup>th</sup> 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.

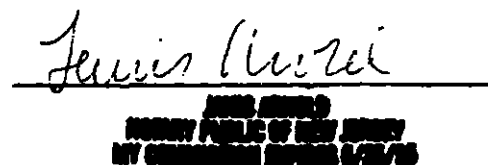


Notary Public, State of New York  
Commission Expires 1991

STATE OF  
COUNTY OF

ss.:

On this 16<sup>th</sup> 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.



Notary Public, State of New York  
Commission Expires 6/30/95