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NOV 27 1990

M.S.R.B.

In the Matter of the Arbitration between :

JOHN L. FARICY, :

Claimant, :

v. :

AWARD

DAIN BOSWORTH, INCORPORATED and
GEORGE F. BRUNKHORST, :

Respondents. :

MS 89-54

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

CASE SUMMARY

Claimant alleges fraud and violations of relevant state and federal securities laws by Respondent Dain Bosworth, Inc. ("Dain") in connection with the sale to Claimant of certain City and County of Denver Industrial Development Revenue Bonds (Farmers Marketing Association Project) Series 1981 ("the bonds"), which went into default eleven months after Claimant's purchase of same. Claimant alleges that Dain and Respondent George Brunkhorst, a registered representative of Dain's Pueblo, Colorado, office, failed to disclose to Claimant at the time of sale or at any time thereafter adverse information regarding the financial condition of Farmers Marketing Association ("FMA"). Claimant contends that Dain was aware of FMA's financial problems and the resulting negative outlook for the bonds through its participation in meetings with representatives of FMA and the bond trustee, and through a report on FMA and the bonds prepared by a subsidiary of Dain. Claimant maintains that Dain, however, did not stop trading the bonds and withheld the adverse information from its registered representatives and prospective purchasers and, in so doing, exhibited reckless disregard for the consequences of its actions.

Respondents deny that they purposely or recklessly withheld adverse information about the bonds in an attempt to defraud Claimant or other customers. Respondents contend that Dain acted diligently to protect the interests of its customers by monitoring the status of FMA and did suspend trading the bonds when it became concerned about the financial condition of FMA. Respondents argue that Dain only resumed trading the bonds after it had met with FMA's general counsel and confirmed that positive steps had been taken at FMA, learned that FMA was beginning to show a profit, and confirmed the financial recovery of FMA.

through the aforementioned report. Respondents contend that the report was commissioned by Dain for its internal use only, in part to determine if Dain should resume trading in the bonds, and that it was circulated only to Dain's trading department in Denver and to members of the public finance department. Respondents maintain, inter alia, that Dain should not be held liable for fraud merely for failing to provide its customers with documented evidence of its own diligence.

RELIEF REQUESTED

Claimant requests that he be awarded \$43,280 in exchange for the bonds which have been reissued as part of FMA's reorganization plan under Chapter 11 of the Bankruptcy Code, plus interest at 13% from the June 1, 1988 date of default to the date of the award, interest at the legal rate thereafter, his costs and attorney fees.

Respondents request that Claimant's claims be dismissed and that they be awarded their costs, expenses, and attorney fees, and such other relief as the arbitrators deem appropriate.

AWARD

On July 11-12, 1990, in Denver, Colorado, the undersigned arbitrators heard the controversy between the parties set forth in submissions to the arbitrators signed by Claimant on June 27, 1989 (filed with the MSRB on June 28, 1989) and by Respondents on August 28, 1989. 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 the claims of the Claimant shall be dismissed in their entirety. In addition, each party shall bear its own costs, expenses and attorney fees. Finally, Claimant's \$500 arbitration deposit shall be retained by the MSRB as forum fees, pursuant to MSRB rule A-16(2).


Richard L. Kornblith


George S. Karlsven

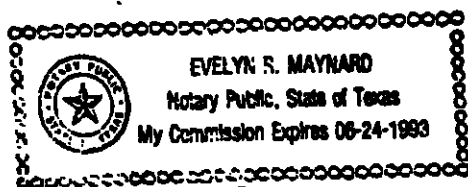

Dunn Krah

Dated: November 27, 1990

STATE OF *TEXAS*
COUNTY OF *DALLAS*

ss.:

On this *13th* day of *November*, 19*90*, 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.



Evelyn S. Maynard

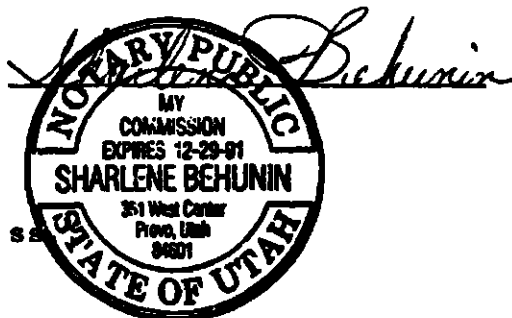
STATE OF
COUNTY OF

ss.:

On this *21* day of *November*, 19*90*, 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.

STATE OF
COUNTY OF

Colorado
Ferguson



On this *27th* day of *November*, 19*90*, 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.

Heah F. Fung

My Commission Expires June 05, 1993