

MSRB
MUNICIPAL SECURITIES RULEMAKING BOARD

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MAR 27 1990

In the Matter of the Arbitration between	:	
JOHN J. BARRON & DOROTHY J. BARRON,	:	AWARD
Claimants,	:	
v.	:	
A.G. EDWARDS & SONS, INC.,	:	MS89-58
Respondent.	:	SC9-027

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

CASE SUMMARY

Claimants alleged that on February 3, 1989 Respondent agreed to purchase from them \$15,000 Decatur, IL Economic Development Revenue Bonds ("the bonds"). Claimants further alleged that on February 7, 1989 Respondent cancelled its offer to buy the bonds stating that its buyer did not want the bonds. Claimants contended that Respondent had agreed to purchase the bonds and should be required to do so.

Respondent argued that it had agreed to purchase the bonds based upon Claimants' representations that the bonds were marketable (and therefore could be resold.) Respondent contended that it was unable to resell the bonds and alleged that Claimants had perpetrated a fraud upon Respondent in representing the bonds as marketable. Respondent argued that Claimants knew or should have known that the bonds were worthless based upon a January 30, 1989 notice from the trustee to all bondholders, including Claimants. Respondent maintained that it had no knowledge of this notice when it agreed to purchase the bonds and alleged that Claimants were attempting to sell the bonds prior to Respondent and other broker/dealers becoming aware of the worthless nature of the bonds.

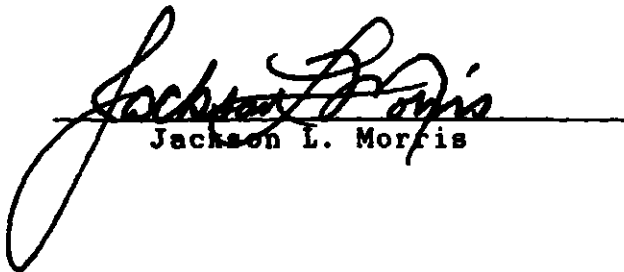
RELIEF REQUESTED

Claimants requested that Respondent be required to pay for the bonds and to pay Claimants interest from February 1989. Claimants also requested a refund of their \$25 arbitration deposit. Respondent requested that the claims of the Claimants be dismissed and that it be awarded its costs and expenses from this arbitration.

AWARD

The undersigned arbitrator reviewed the controversy between the parties set forth in submissions to the arbitrator signed by Claimants on July 14, 1989 (filed with the MSRB on July 20, 1989) and by Respondent on September 26, 1989. The undersigned, having considered the matter solely upon the pleadings and evidence submitted by the parties, pursuant to section 34(f) of MSRB rule G-35, has determined, in full and final resolution of the issues submitted for determination, that:

1. Claimants' claim shall be dismissed.
2. Claimants' \$25 arbitration deposit shall be refunded to Claimants by the MSRB and Respondent shall pay to the MSRB \$25 as forum fees, pursuant to section 2 of MSRB rule A-16.
3. Respondent shall bear its own costs and expenses from this arbitration.


Jackson L. Morris

Dated: *March 23, 1990*

STATE OF FLORIDA
COUNTY OF PINELLAS

ss.:

On this 23rd day of March, 1990, before me personally appeared Jackson L. Morris 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 Florida

My commission expires: *11/25/90*