

MSRB
MUNICIPAL SECURITIES RULEMAKING BOARD

In the Matter of the Arbitration between :

AWARD

Claimants, :

MS 89-68

v. :

JURAN & MOODY, INC. and AL GRAMENTZ, :

Respondents. :

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

CASE SUMMARY

Claimants alleged that Respondents either fraudulently or negligently misrepresented the safety of an investment in City of Rochester, Minnesota First Mortgage Revenue Bonds of 1983 - Charterhouse, Inc. Project ("the bonds") and failed to relate material information regarding the risks of an investment in said bonds, which went into default approximately two and a half years subsequent to Claimants' purchase of same. Claimants contended that Respondents misrepresented the bonds in a manner that suggested that the Mayo Clinic would guarantee the return of principal and payment of interest on the bonds in the event of a default and failed to provide Claimants with a prospectus on the bonds. Respondents maintained that they conducted due diligence procedures prior to offering the bonds for sale to customers and denied representing to Claimants at the time of sale that there was anything other than a geographical relationship between Charterhouse, Inc. and the Mayo Clinic. Respondents also maintained that the sale to Claimants was made in the secondary market and, therefore, Respondents were not required and it was not their policy to provide Claimants with an Official Statement or prospectus on the bonds.

RELIEF REQUESTED

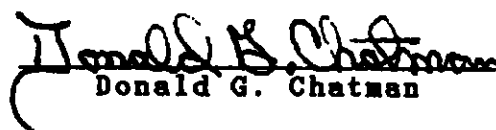
Each of the Claimants requested actual damages in an amount in excess of \$8,000 plus interest, costs, commissions and attorney's fees. Respondents requested that the Statement of Claim be dismissed and that they be awarded their costs and attorney's fees.

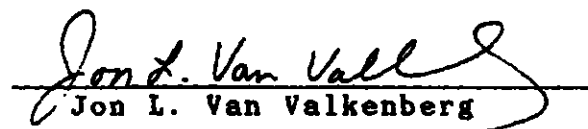
AWARD

On January 18, 1990, in Minneapolis, Minnesota, the undersigned arbitrators heard the controversy between the parties set forth in submissions to the arbitrators signed by Claimants on June 2, 1989 (filed with the MSRB on August 7, 1989), by Respondent Juran & Moody, Inc. on September 15, 1989, and by Respondent Al Gramentz on September 28, 1989. The arbitrators, having considered the pleadings, the testimony and the evidence presented at the hearing, has determined in full and final resolution of the issue submitted for determination as follows:

The claims of the Claimants shall be dismissed in their entirety. The parties shall each bear their respective costs and attorney's fees. Pursuant to section 2 of MSRB rule A-16, Claimants' \$400 arbitration deposit shall be refunded to Claimants by the MSRB.


Richard H. Haas


Donald G. Chatman


Jon L. Van Valkenberg

Dated:

RECEIVED
FEB 9 1990
M.S.R.B.

STATE OF OHIO
COUNTY OF SUMMIT

SS.:

On this 22nd day of January, 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.

Jacqueline L. Parker

JACQUELINE L. PARKER, Notary Public
STATE OF OHIO
Resident Summit County
My Commission Expires Feb. 26, 1991

SS.:

STATE OF
COUNTY OF

On this 25th day of January, 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.

Dorothy Hardy

DOROTHY HARDY
Notary Public State of Wisconsin
My Commission Expires Dec. 19, 1993

SS.:

STATE OF
COUNTY OF

On this 5 day of February, 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.

Nova L. Boughton

NOVA L. BOUGHTON
NOTARY PUBLIC MINNESOTA