

**MSRB**  
MUNICIPAL SECURITIES RULEMAKING BOARD

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In the Matter of the Arbitration between :  
:  
:  
Claimant, :  
:  
v. :  
:  
MILLER & SCHROEDER FINANCIAL, INC., :  
Respondent. :

AWARD

MS89-85  
SC9-033

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

**CASE SUMMARY**

Claimant alleged that Respondent misrepresented as a good financial investment certain Decatur, Alabama Health Care Authority Retirement Center Revenue Bonds, Series 1985 (Cedar Springs Project) which went into default approximately six months after Claimant's purchase of same. Claimant contended that Respondent misrepresented the occupancy and management practices of the project at the time of sale.

Respondent maintained that, prior to Claimant's purchase of the bonds, it had obtained monthly updates from the project manager and the trustee regarding the occupancy of the project and to verify that required payments were current. Respondent contended that, although it later learned that the project manager had given it inaccurate information, it had exercised reasonable care in obtaining the information and did not knowingly give Claimant inaccurate or misleading information at the time of sale.

**RELIEF REQUESTED**

Claimant requested reimbursement of the \$5,000 she invested, plus costs and interest to the date of the award. Respondent maintained that it acted responsibly in this transaction.

**AWARD**

The undersigned arbitrator reviewed the controversy between the parties set forth in submissions to the arbitrator signed by Claimant on October 6, 1989 (filed with the MSRB on October 10, 1989) and by Respondent on November 7, 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. Respondent shall pay to Claimant \$4,400 upon delivery by Claimant of the bonds at issue to Respondent.
2. Claimant shall not be awarded costs or interest.
3. Claimant's \$100 arbitration deposit shall be retained by the MSRB as forum fees, pursuant to section 2 of MSRB rule A-16.

  
William D. Hawkland, Jr.

Dated: *March 23, 1990*

STATE OF ~~Louisiana~~  
COUNTY OF ~~Lafayette~~  
~~Parish~~

ss.:

On this *23<sup>rd</sup>* day of *March*, 19 *90*, before me personally appeared William D. Hawkland, Jr. 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.

