

MSRB
MUNICIPAL SECURITIES RULEMAKING BOARD

In the Matter of the Arbitration between	:	
	:	
KARL DUTCZAK	:	AWARD
	:	
Claimant,	:	
	:	MS90-35
v.	:	SC0-021
	:	
MCLAUGHLIN, PIVEN, VOGEL SECURITIES, INC.	:	
AND THOMAS DICKENS	:	
	:	
Respondents.	:	

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

CASE SUMMARY

Claimant alleges that on 9-2-88 he purchased from Respondent Thomas A. Dickens ("Respondent Dickens"), a representative of Respondent McLaughlin, Piven, Vogel Securities, Inc. ("Respondent MPV"), \$20,000 face amount of Pennsauken NJ Solid Waste Management Authority Solid Waste Disposal Revenue Bonds (Fixed Rate), Series 1988B, 8.6%, due 12-1-09 (the "Bonds"). Claimant alleges that Respondent Dickens represented that the Bonds were not callable until 12-1-98 @ 103 and, therefore, Claimant felt that the premium price of 103.75 was "fair and reasonable." Claimant alleges that in February of 1990 he received a letter from The Pennsauken Solid Waste Management Authority informing him of a mandatory redemption of the Bonds @ par, on 6-1-90. Claimant maintains that Respondent Dickens never mentioned the possibility of a redemption prior to the call date of 12-1-98 at the time of purchase, and that this information was not noted on the confirmation either. Claimant contends that he would not have purchased the Bonds if he had been aware of the possibility of the early redemption.

Respondents maintain that in addition to the call feature on 12-1-98 the Bonds also had special or extraordinary call features. Respondents argue that the confirmation mailed to Claimant stated clearly that "We confirm this transaction subject to agreement on reverse side" and that on the reverse side, under the heading "Yield Information," it states "If applicable to this trade call features may exist which could effect yield; complete information will be provided upon request." Respondents contend that the information shown on the confirmation comports with the

requirements set forth in MSRB rule G-15. Respondents also argue that it is important that a customer read the front and back of the confirmation carefully upon receipt, and notify the account executive of any questions or misunderstandings on the transaction at that time. In addition, Respondents maintain that Claimant had physical possession of the bond certificate for approximately twenty months, and that the call features were printed on the back of the bond which, Respondents contend, was ample time to become aware of them. Respondents contend that the issuer, The Pennsauken Solid Waste Management Authority, exercised one of the extraordinary or special call features on 6-1-90.

RELIEF REQUESTED

Claimant requests \$750, the purchase price less the redemption amount, plus any costs resulting from this claim.

AWARD

The undersigned arbitrator reviewed the controversy between the parties set forth in submissions to the arbitrator signed by the Claimant on June 13, 1990 (filed with the MSRB on June 15, 1990) and by the Respondents on July 18, 1990. The undersigned, having considered the matter solely upon the pleadings and evidence submitted by the parties, pursuant to section 34 of MSRB rule G-35, has determined, in full and final resolution of the issues submitted for determination, that the claims of the Claimant are hereby dismissed in their entirety. Each of the parties shall bear its own costs. Pursuant to section 2 of MSRB rule A-16, Claimant's \$15 arbitration deposit shall be refunded to the Claimant by the MSRB.

W. Kirby Lockhart
W. Kirby Lockhart

Dated: May 20, 1991

STATE OF Arkansas
COUNTY OF Pulaski

ss.:

On this 20th day of May, 1991, before me personally appeared W. Kirby Lockhart 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.

My Commission Expires:
5-21-92

Judy Davis
Notary Public