

**MSRB**  
MUNICIPAL SECURITIES RULEMAKING BOARD

RECEIVED

APR 17 1991

MSRB

In the Matter of the Arbitration between :  
: FRANK W. KENDRICK AND EDITH M. KENDRICK :  
: Claimants, :  
: v. :  
: CHARLES HURSEY AND MARION BASS SECURITIES, :  
: CORP. :  
: Respondents. :  
:

AWARD

MS90-44

SC0-027

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

**CASE SUMMARY**

Claimants allege that on August 29, 1989 they received a call from Respondent Charles Hursey ("Respondent Hursey"), a representative of Respondent Marion Bass Securities Corp. ("Respondent MBSC"), describing some AAA rated, insured bonds selling at a premium of \$113. Claimants allege that they questioned Respondent Hursey about the price because they do not buy bonds at premium unless they are assured of call protection. Claimants maintain that Respondent Hursey quoted Claimants a yield to call of 7.806% and assured them that the bonds could not be called until 9-1-94 and that they purchased the bonds based on that assurance. Claimants also allege that the confirmation they received also verified the call date of 9-1-94 and the yield to call of 7.806%. The bonds were called at \$103 on February 20, 1990 and Claimants contend that Respondents should have disclosed at the time of the sale and on the confirmation that the bonds could be called at any time.

Respondents contend, among other things, that from June through September of 1989 Claimants purchased a total of four bonds through Respondent Hursey, each at a premium, and that, on each transaction, Respondent Hursey reviewed with Claimants the call features, including extraordinary calls. Respondents maintain that all available information was provided to Claimants upon each purchase and that the possibility of calls was never withheld. Respondents also contend that Respondents have no control over extraordinary calls, and that no broker can guarantee total call protection on a bond.

## RELIEF REQUESTED

Claimants request relief in the amount of \$5,000 plus interest.

## AWARD

On February 6, 1991, in Tallahassee, Florida, the undersigned arbitrator heard the controversy between the parties set forth in submissions to the arbitrator signed by the Claimants on July 6, 1990 (filed with the MSRB on July 9, 1990); and by Respondent Hursey on August 13, 1990; and by Respondent MBSC on August 14, 1990 and/or August 20, 1990. The undersigned, 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, as follows:

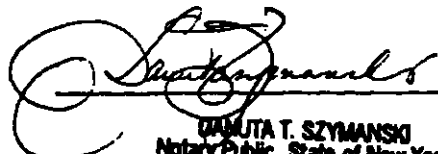
1. Respondent Hursey shall pay Claimants \$1,250 and Respondent MBSC shall pay Claimants \$1,250 for a total of \$2,500.
2. No interest shall be awarded to Claimants.
3. Claimants' \$100 arbitration deposit shall be refunded to Claimants by the MSRB, pursuant to MSRB rule A-16(2).

Dated: 4/16/91

\_\_\_\_\_  
Public Arbitrator  
STATE OF NEW YORK  
COUNTY OF NEW YORK

ss.:

On this 16<sup>th</sup> day of APRIL 19 91, 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.

  
\_\_\_\_\_  
JANUTA T. SZYMANSKI  
Notary Public, State of New York  
No. 244628881  
Qualified in Kings County  
Commission Expires August 31, 1992

RELIEF REQUESTED

Claimants request relief in the amount of \$5,000 plus interest.

AWARD

On February 6, 1991, in Tallahassee, Florida, the undersigned arbitrator heard the controversy between the parties set forth in submissions to the arbitrator signed by the Claimants on July 6, 1990 (filed with the MSRB on July 9, 1990); and by Respondent Hursey on August 13, 1990; and by Respondent MBSC on August 14, 1990 and/or August 20, 1990. The undersigned, 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, as follows:

1. Respondent Hursey shall pay Claimants \$1,250 and Respondent MBSC shall pay Claimants \$1,250 for a total of \$2,500.
2. No interest shall be awarded to Claimants.
3. Claimants' \$100 arbitration deposit shall be refunded to Claimants by the MSRB, pursuant to MSRB rule A-16(2).

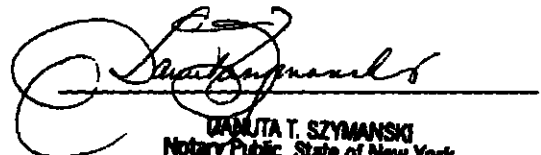
  
Mark E. Feierstein

STATE OF NEW YORK  
COUNTY OF NEW YORK

Dated: 4/16/91

ss.:

On this 16<sup>TH</sup> day of APRIL 19 91, before me personally appeared Mark E. Feierstein 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.

  
DANUTA T. SZYMANSKI  
Notary Public, State of New York  
No. 24-4628881  
Qualified in Kings County  
Commission Expires August 31, 1992