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CLOSING

In the Matter of the Arbitration between	:	
	:	
	:	
Claimants,	:	AWARD
	:	
v.	:	
	:	MS90-47
AMERIFIRST SECURITIES CORPORATION	:	SC0-029
	:	
Respondent.	:	
	:	

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

CASE SUMMARY/RELIEF REQUESTED

Claimants allege that three weeks after their purchase of \$50,000 face amount of certain book entry municipal bonds from Respondent, Respondent unilaterally, and without Claimants' knowledge or consent, changed the purchase price from 103 1/2 to 104 1/2 and subsequently removed \$500 from an interest payment due Claimants. Claimants request that (1) the \$500 in interest be returned (2) they receive "some 'acknowledgement' that [they] can 'rely' on that identifies and secures the price (103 1/2) paid for these bonds," and (3) the interest money be sent so as to bypass Respondent. With respect to their third request, Claimants state that "once this problem is solved, we will move our account so as to permanently resolve #3."

Respondent maintains that 104 1/2 is the correct price. Respondent contends that its salesman quoted Claimants a price of 104 1/2, but due to a clerical error the bonds were billed to Claimants at a price of 103 1/2, and that it was not until after settlement of the transaction that the error was discovered and a corrected billing was sent to Claimants. Respondent also contends that it had purchased the bonds from another dealer at 103 1/2 on the same day that it sold the bonds to Claimants, and that it would not resell the bonds at the same price that it had paid for them. In addition, Respondent maintains that the bonds are book entry and cannot be registered in Claimants' name and, therefore, all interest payments are collected by Respondent's clearing firm and credited to Claimants' brokerage account on the payable date, and the funds are then transferred to Claimants' bank account.

AWARD

The undersigned arbitrator reviewed the controversy between the parties set forth in submissions to the arbitrator signed by Claimants on July 20, 1990 (filed with the MSRB on July 24, 1990) and by Respondent on September 5, 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, as follows:

The evidence indicates a misunderstanding or mutual mistake between the parties as to the purchase price of the referenced securities, which resulted in erroneous documentation concerning the purchase price being provided to the Claimants. In accordance with contract principles, the burden for rectifying this error should not be born solely by the Claimants. Respondent appears to be without authority in the applicable rules to unilaterally make a correction without the consent of the purchaser, or the opportunity of the purchaser to seek other remedial action.

Therefore, the arbitrator decides as follows:

1. Respondent shall pay to Claimants the \$500 improperly taken from Claimants' April 1, 1990 interest payment.
2. Respondent shall acknowledge Claimants' purchase price as being 103 1/2.
3. If Claimants wish to sell the bonds at issue for bonds that are not book entry and/or transfer their account at Respondent to another broker/dealer, Claimants are free to do so. In the interim, Respondent shall continue to transmit Claimants' interest payments in the manner described herein.
4. Claimants' arbitration deposit shall be refunded to Claimants.

Public Arbitrator

Dated: 3/12/91

STATE OF Florida
COUNTY OF Orange

ss.:

On this 12th day of March, 1991, 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.

Cynthia O. Plante

Notary Public, State of Florida
My Commission Expires Feb. 26, 1993
Bonded Thru Troy Fain - Insurance Inc.

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Steven R. Bechtel

Dated: 3/12/91