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M.S.R.B.

In the Matter of the Arbitration between	:	
	:	
	:	AWARD
Claimant,	:	
	:	
V.	:	MS90-48
	:	SC0-030
MILLER & SCHROEDER FINANCIAL, INC.	:	
and CHRISTOPHER C. DECKAS,	:	
Respondents.	:	

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

CASE SUMMARY

Claimant alleges that in late 1984 or early 1985, and again in December, 1985, he contacted Respondent Christopher C. Deckas ("Respondent Deckas"), a representative of Respondent Miller & Schroeder Financial, Inc. ("Respondent Miller & Schroeder") for recommendations as to safe, conservative investments suitable for his objectives and income. Claimant alleges that Respondent Deckas recommended and Claimant purchased, respectively, Bexar County, Texas, Health Facilities Development Corporation First Mortgage Revenue Bonds (Trinity Retirement Living Foundation Project), Series 1984, 13.5%, due 11/1/14 ("the Bexar County Bonds"), and The Housing and Redevelopment Authority in and for the City of St. Cloud, Minnesota, Housing Development Revenue Bonds (The Finch Estates Project), Series 1985, 10.25%, due 11/1/15 ("the St. Cloud Bonds"). The aforementioned bonds have since gone into default and Claimant alleges, among other things, that Respondent Deckas misrepresented the safety of an investment in same.

Claimant asserts the following claims against Respondents: violations of sections 10(b) and Rule 10b-5 of the Securities and Exchange Act of 1934; negligent supervision; violations of Article III, Section 1 of the NASD Rules of Fair Practice; common law negligence; liability under Minn. Rule 2875.0910; liability under the common law doctrine of respondeat superior; violations of Minn. Stat. §§ 80A.01 and 80A.03; breach of fiduciary duties--common law; and, common law fraud.

Respondents deny any wrongdoing in connection with Claimant's investments in the bonds at issue and contend that Claimant was fully apprised of the risks associated with an investment in same. Respondents contend, among other things, that Claimant was

advised of said risks by Respondent Deckas before Claimant agreed to purchase the bonds and by Respondent Miller & Schroeder by the official statements that were sent to Claimant upon his agreement to purchase the bonds.

Respondents maintain: (1) that Claimant is barred from recovery for failing to state a claim upon which relief may be granted; (2) that the Statement of Claim fails to particularize the facts necessary to establish a legal theory under which Respondents could be liable for the alleged damages of Claimant; (3) that Claimant is barred from recovery by the equitable doctrines of waiver and laches; (4) that Claimant is barred from recovery as he directed, authorized, consented to, acquiesced and ratified the purchases of the bonds after having been provided with full and complete disclosure of the risks associated with those investments; (5) that Claimant is barred from recovery because at all times relevant Respondents acted properly in accordance with federal and state laws and in good faith did not directly or indirectly induce any act or acts constituting any of the purported claims for relief contained in the Statement of Claim; (6) that Claimant is barred from recovery as he assumed the risks of his investment decisions and entered into those investments with full knowledge of the risks associated with those investments as disclosed to him by Respondents; and, (7) that Claimant is barred from recovery as Respondents were not and are not insurers of Claimant's investments and may not be held responsible for the risks Claimant took in making such investments after having been provided with full and complete disclosure concerning the risks associated with those investments.

RELIEF REQUESTED

In the Statement of Claim, Claimant requests an award against Respondents, jointly and severally, as follows:

A rescissionary award under which Respondents would pay to Claimant the face amount of the bonds, or \$10,000, plus interest at the bond rate for those years that interest was not received by Claimant, or \$3,050, upon Claimant's surrender of the bonds. Under such a rescissionary award, Claimant also requests \$4,306.50 in attorney's fees and \$210 in costs, \$200 of which represents Claimant's arbitration deposit.

In the alternative, Claimant requests

an award of compensatory damages equal to the difference between Claimant's purchase price and the current market

value of the bonds, or \$7,919.96, plus \$3,050 in interest, \$3,620.09 in attorney's fees, and \$210 in costs.

Claimant states that he would prefer the rescissionary remedy because this would place any risk of future decline in bond values upon the Respondents. In a Supplement to the Statement of Claim, Claimant states that he likely will receive between 35% and 50% of par in a bankruptcy disbursement upon surrender of the Bexar County Bonds and, therefore, he is requesting compensatory damages adjusted in accordance with the anticipated bankruptcy disbursement, rather than rescission, as a remedy for the Bexar County Bonds. Claimant requests his attorney's fees pursuant to Minn. Stat. § 80A.23.

Respondents request that the Statement of Claim be dismissed in its entirety and that Respondents be awarded their attorney's fees and expenses incurred in this matter, and further relief as appropriate.

AWARD

The undersigned arbitrator reviewed the controversy between the parties set forth in submissions to the arbitrator signed by Claimant on July 11, 1990 (filed with the MSRB on July 30, 1990); by Respondent Deckas on September 19, 1990; and, by Respondent Miller & Schroeder on November 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, and having determined to accept all such pleadings and evidence, although the probative value of some of the material submitted appears to be nil, has determined, in full and final resolution of the issues submitted for determination, as follows:

1. Claimant may retain the bonds at issue.
2. Respondents shall be jointly and severally liable and shall pay to Claimant \$15,210, which amount includes compensation for lost principal and interest, and for Claimant's attorney's fees and costs including his \$200 arbitration deposit.
3. Respondents' request for an award for their attorney's fees and expenses, and other relief, is denied.
4. Claimant's \$200 arbitration deposit shall be retained by the MSRB.

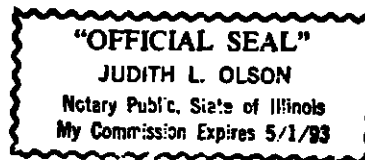
Public Arbitrator

Dated: *June 7, 1991*

STATE OF *Illinois* SS.:
COUNTY OF *Lake*

On this *7th* day of *June*, 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.

Judith L. Olson



Bradford S. Allen
Bradford S. Allen

Dated: June 7, 1991

STATE OF Illinois ss.:
COUNTY OF Lake

On this 7th day of June, 1991, before me personally appeared Bradford S. Allen 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.

Judith L. Olson

