

MSRB
MUNICIPAL SECURITIES RULEMAKING BOARD

In the Matter of the Arbitration between :
:
:
Claimant, : AWARD
:
v. : MS 91-10
:
PRUDENTIAL-BACHE SECURITIES, INC. and :
RAY TUCKER, :
Respondents. :
:

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

CASE SUMMARY

Claimant alleges, among other things, that Respondent Prudential-Bache Securities, Inc. ("Respondent Prudential") and its former account executive Respondent Ray Tucker ("Respondent Tucker") made misrepresentations and omissions of material facts in connection with the sale to Claimant of the following municipal bonds:

- \$100,000 face amount of Southeast Texas Housing Finance Corporation 8.6% Securitized Multifamily Housing Revenue Bonds, Series 1986A, due 9/1/96, dated 8/25/86, purchased by Claimant on 5/26/88;
- \$100,000 face amount of Adams County, Colorado 9% Industrial Development Revenue Bonds, Series 1986A Pool, due 11/1/96, dated 11/25/86, purchased by Claimant on 8/24/88;
- \$50,000 face amount of Louisiana Agricultural Finance Authority 8.80% Securitized Agricultural Revenue Bonds, Series 1986A, due 10/1/96, dated 9/15/86, purchased by Claimant on 12/15/88;
- \$170,000 face amount of Louisiana Agricultural Finance Authority 8.80% Securitized Agricultural Revenue Bonds, Series 1986A, due 10/1/96, dated 9/15/86, purchased by Claimant on 12/11/89;
- \$300,000 face amount of Louisiana Housing Finance Agency 8.61% Securitized Multifamily Housing Revenue Bonds, Series 1986A, due 8/1/96, dated 7/31/86, purchased by Claimant on 12/18/89.

Claimant asserts claims for violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder; for violations of Section 12(2) of the Securities Act of 1933 and West Virginia Code Section 32-4-410; and for common law fraud and negligent misrepresentation.

Respondents deny all allegations of wrongdoing asserted by Claimant. Respondents argue, among other things, that Claimant's claims fail to state a cause of action and/or are time-barred by applicable statutes of limitations; that Claimant cannot as a matter of law establish reliance on any alleged misrepresentations; that Claimant's allegations of misrepresentations, in any event, lack substantive merit; that Claimant is precluded from recovery by virtue of its own recklessness and negligence, and by the principles of laches, estoppel, waiver and ratification; and that Claimant failed to mitigate its damages.

RELIEF REQUESTED

Claimant seeks rescission of the transactions at issue: the return of the bonds to Respondents in exchange for amounts paid for the bonds (totaling \$715,519.01), plus interest at 9% on said amounts from the dates of purchase, plus Claimant's costs (\$3,797.93) and attorneys' fees (\$53,265.00), less any income received on the bonds (\$110,233.10), for a total claim of approximately \$848,446.76. Alternatively, Claimant seeks damages for the difference between the amounts paid for the bonds and the bonds' present value, plus interest at 9% on the difference, for a claim of approximately \$520,162.36. Claimant also requests punitive damages.

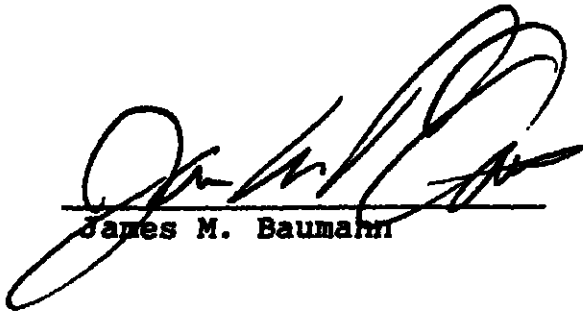
Respondents request that Claimant's claims be dismissed in their entirety and that Respondents be awarded their costs and such further relief as the arbitrators deem just and proper.

AWARD

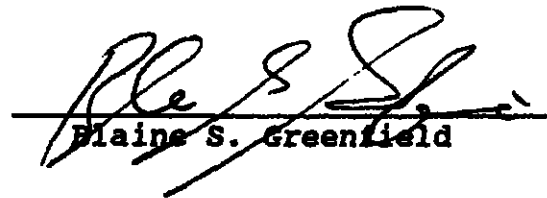
On February 10, 1992, in Pittsburgh, Pennsylvania, the undersigned arbitrators heard the controversy between the parties set forth in submissions to the arbitrators signed by the Claimant on January 15, 1991 (filed with the MSRB on February 1, 1991); by Respondent Tucker on April 22, 1991; and, by Respondent Prudential on June 5, 1991. The arbitration panel, 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. Respondents shall be jointly and severally liable to Claimant for the sum of \$460,196.70, upon Claimant's delivery to Respondents of \$170,000 face amount of Louisiana Agricultural Finance Authority 8.80% Securitized Agricultural Revenue Bonds, Series 1986A, due 10/1/96, dated 9/15/86, purchased by Claimant on 12/11/89, and \$300,000 face amount of Louisiana Housing Finance Agency 8.61% Securitized Multifamily Housing Revenue Bonds, Series 1968A, due 8/1/96, dated 7/31/86, purchased by Claimant on 12/18/89.

2. Claimant's claims on the other bonds purchases at issue, and for interest, costs, attorneys' fees and punitive damages, are dismissed.
3. Respondents' request for their costs and for other relief are dismissed.
4. Claimant's \$1000 arbitration deposit shall be retained by the MSRB as forum fees, pursuant to MSRB rule A-16(2).
5. Respondents shall pay a \$50 adjournment fee to the MSRB, pursuant to MSRB rule G-35 section 20(b).



James M. Baumann



Elaine S. Greenfield



Joseph V. Arabia

Dated: 5/6/90

STATE OF *New York*
COUNTY OF *Brown*

SS.:

On this *11th* day of *May*, 19*92*, 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.

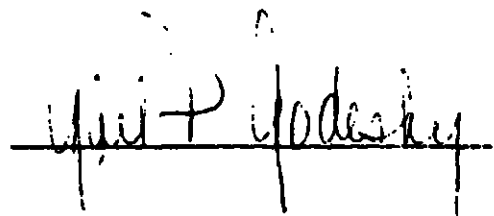


MARK EHRLICH
NOTARY PUBLIC, State of New York
No. *14909340*
Qualified in *Orange* County
Commission Expires Oct. 26, 19*93*

SS.:

STATE OF *New Jersey*
COUNTY OF *Meriden*

On this *5th* day of *May*, 19*92*, 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.



STATE OF *Pennsylvania*
COUNTY OF *Philadelphia*

SS.:

On this *6th* day of *May*, 19*92*, 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.

