



MUNICIPAL SECURITIES RULEMAKING BOARD

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MAY 4 1992

In the Matter of the Arbitration between	:	
	:	
	:	AWARD
Claimant,	:	
v.	:	
	:	MS91-34
SUNPOINT SECURITIES, INC.; JOEL KING and	:	SC1-013
CANTELLA & CO., INC.;	:	
Respondents.	:	

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

CASE SUMMARY

Claimant alleges that on June 22, 1990, Claimant purchased from Respondent Joel King ("Respondent King"), a representative of Respondent Sunpoint Securities, Inc. ("Respondent Sunpoint"), \$10,000 face amount of Northwest Dallas County Flood Control District Unlimited Ad Valorem Tax Bonds, Series 1986, dated July 1, 1986, 9.60%, due 8/15/1999 (the "Bonds"). Claimant also alleges that Respondent King represented to Claimant that the Bonds were A+ rated and were prerefunded. Claimant contends, among other things, that the Bonds were misrepresented and that Respondent Sunpoint is responsible for the misrepresentation by Respondent King. Claimant also contends that Respondent Cantella & Co., Inc. ("Respondent Cantella") was negligent in not showing the rating of the Bonds on its confirmation of the transaction.

Respondents Sunpoint and King argue, among other things, that no representations were made as to prerefunding or credit rating: that the Bonds were selected from the Standard & Poor's Blue List and that the Blue List did not give a rating for the Bonds or state whether or not the Bonds were prerefunded. Respondent Cantella argues, among other things, that its only involvement in the transaction was as clearing agent for Respondent Sunpoint and that it was not obligated to list a rating for the Bonds on its confirmation, pursuant to MSRB rules.

RELIEF REQUESTED

Claimant requests that he be allowed to return the Bonds in exchange for his purchase price of \$9,452.35, plus accrued interest at the rate of \$2.63 per day ($\$10,000 \times 9.60\% = 960/365 = \2.63) from the date of default (8/15/90) to date of settlement.

Respondent Cantella asserts a cross-claim for indemnification against Respondent Sunpoint for any damages awarded against Respondent Cantella.

AWARD

The undersigned arbitrator reviewed the controversy between the parties set forth in submissions to the arbitrator signed by Claimant on April 29, 1991 (filed with the MSRB on May 13, 1991); by Respondent Sunpoint on June 26, 1991; and, by Respondent Cantella on July 5, 1991. Respondent King did not file an executed submission agreement. 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:

1. Respondents Sunpoint and King shall be jointly and severally liable to Claimant for the sum of \$9,452.35. To collect the aforementioned sum, Claimant shall deliver the Bonds to Respondent Sunpoint.
2. No interest shall be awarded to Claimant.
3. Claimant's claims against Respondent Cantella shall be dismissed in their entirety.
4. Claimant's \$200 arbitration deposit fee shall be refunded to Claimant by the MSRB and \$200 shall be assessed against Respondents Sunpoint and King, jointly and severally, as forum fees, pursuant to MSRB rule A-16(2).

Public Arbitrator

Dated: 5/1/92

STATE OF *Georgia*
COUNTY OF *Fulton*

ss.:

On this *1st* day of *May*, 1992, 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.

Linda M. Osterhage



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Joel S. Arogeti

Dated: 5/1/92