

MSRB
MUNICIPAL SECURITIES RULEMAKING BOARD

SEP 4 1992

MSRB

In the Matter of the Arbitration between :

Claimant, :

v. :

ROBERT J. KENGOTT and GRIFFIN, KUBIK,
STEPHENS AND THOMPSON, INC., :

Respondents. :

AWARD

MS 91-56

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

CASE SUMMARY

Claimant alleges that Respondents made misrepresentations and omissions of material facts in connection with the sale to Claimant of \$200,000 face amount of Louisiana Agricultural Finance Authority 8.25% Agricultural Revenue Bonds Series 1986A, due 10/1/96, dated 9/1/86, purchased by Claimant on 9/5/86. Claimant asserts, among other things, claims for violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, fraudulent misrepresentation and breach of contract under Missouri law, and violations of MSRB Rules G-17 and G-19. Claimant contends that as a direct result of Claimant's reliance on Respondents' representations, and Respondents' breach of contract and unfair practices, Claimant has suffered damages.

Respondents categorically deny each and every allegation of wrongdoing asserted by Claimant and deny that they are responsible for any damages in any amount. Respondents also argue, among other things, that Claimant's 10b-5 claim under is barred by the applicable statute of limitations, Claimant is without privity or standing to assert the claims alleged under Missouri law in that the bank that originally purchased the bonds in 1986 ("Claimant's predecessor") was purchased by Claimant sometime in late 1989 or early 1990, and that no private right of action exists for alleged violations of MSRB rules; hence, that there is no jurisdiction under which Claimant's claims may be arbitrated. Respondents further argue that Respondents reasonably relied on the rating services and on information contained in the Official Statement in evaluating the bonds and that Respondents acted in accordance with the standards of their profession and in accordance with Claimant's predecessor's

expressed objectives and directions. Respondents also contend that Claimant's predecessor did not justifiably rely to its detriment upon any alleged misrepresentation or omission in that Claimant received an Official Statement for the bonds. Respondents argue that Claimant's losses were a direct result of Claimant's predecessor's own investment decisions and/or attributable to market fluctuation and other factors over which Respondents had no control, and that the claims are barred by the doctrines of waiver, ratification and estoppel.

RELIEF REQUESTED

Claimant seeks to rescind the transaction and be awarded the purchase price of \$200,779.17, together with interest and costs or, in the alternative, to recover damages for the difference between the purchase price and the bonds' present market value.

Respondents requests that the Statement of Claim be denied in its entirety and that Respondents be awarded their costs.

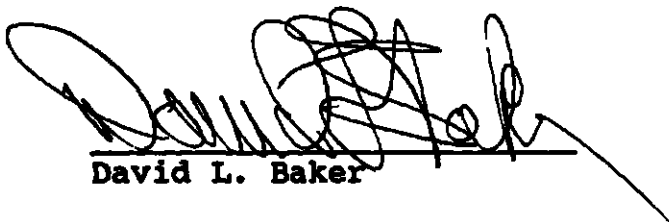
AWARD

On August 4, 1992, in St. Louis, Missouri, the undersigned arbitrators heard the controversy between the parties set forth in submissions to the arbitrators signed by Claimant on August 19, 1991 (filed with the MSRB on August 27, 1991) and by Respondents on November 7, 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. The claims of the Claimant are dismissed in their entirety.
2. Each party shall bear its own costs, including attorneys' fees.
3. Claimant's \$750 arbitration deposit shall be retained by the MSRB as forum fees, pursuant to Section 2 of MSRB Rule A-16.


Randall B. Strong


Jerrold P. Katz

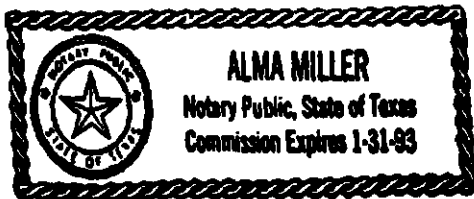

David L. Baker

Date:

STATE OF TEXAS
COUNTY OF HARRIS

SS.:

On this 31st day of August, 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.



Alma Miller

STATE OF Massachusetts
COUNTY OF Hiddlesex

SS.:

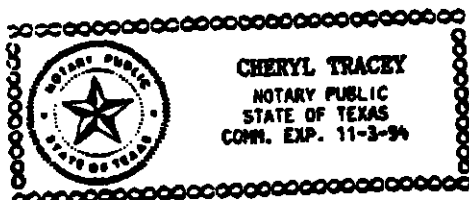
On this 2nd day of September, 1992, before me personally
appeared _____ to me known and known to me to be the
individual described in and who executed the foregoing instrument
and he duly acknowledged to me that he executed the same.

Barbara Ann Barth
My Commission Expires December 19, 1997

STATE OF TEXAS
COUNTY OF DALLAS

SS.:

On this 3rd day of Sept., 1992, before me personally
appeared _____ to me known and known to me to be the
individual in and who executed the foregoing instrument and he
duly acknowledged to me that he executed the same.



Cheryl Tracey