



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

On or about 4/11/90, the client of Dealer B's who had purchased the bonds received a redemption notice. When Dealer B's client presented the bonds for payment, the paying agent deducted \$3,125 for five coupons (12/1/87-12/1/89) that should have been attached had the bonds been redeemed when the issue was called on 6/1/87. On or about 5/22/90, Respondent's clearing firm debited Claimants' account for the 6/1/89 and 12/1/89 interest payments. On or about 5/30/90, Dealer B made claim against Respondent's clearing firm/Respondent for the \$3,125. On or about 8/6/90, Respondent's clearing firm debited Claimants' account for the 12/1/87, 6/1/88 and 12/1/88 interest payments. Respondent's clearing firm subsequently paid the \$3,125 and charged said amount to Respondent. Respondent has credited Claimants' account

for the \$111.72 difference between the proceeds received by Claimants from the sale of the bonds and the par value of the bonds.

Claimants contend, among other things, that Claimants never were notified that the bonds had been called on 6/1/87. Claimants seek to be reimbursed for the interest payments that were debited from their account and for any income tax liability that they may incur.

Respondent contends, among other things, that Respondent was not involved in Claimants' purchase of the bonds, that Respondent had a right to assume that the bonds were valid securities when they were transferred into Claimants' account, and that Claimants were not entitled to the interest they received after 6/1/87, since the bonds had been called. Respondent also argues that Respondent's clearing firm had verified that the paying agent was still paying interest on the bonds at the time that they were sold. Respondent requests that the claim be dismissed. Respondent also counterclaims to recover a \$1,715.53 debit balance in Claimants' account.

AWARD

On August 13, 1992, in Philadelphia, Pennsylvania, the undersigned arbitrator heard the controversy between the parties set forth in submissions to the arbitrator signed by Claimants on August 19, 1991 (filed with the MSRB on October 18, 1991) and by Respondent on November 20, 1991. The undersigned, 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. Claimants' claim is dismissed.
2. Respondent's counterclaim is dismissed.
3. Pursuant to MSRB rule A-16, Claimants' \$100 arbitration deposit shall be retained by the MSRB as forum fees.


Jeffrey S. Eisenberg

Dated: October 26, 1992

STATE OF NEW YORK
COUNTY OF NEW YORK

ss.:

On this 26th day of October, 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.

Janet Trakin

JANET TRAKIN
Notary Public, State of New York
No. 31-4949683
Qualified in New York County
Commission Expires 4/7/93