

MSRB
MUNICIPAL SECURITIES RULEMAKING BOARD

AUG 19 1992

L.S.R.B.

In the Matter of the Arbitration between	:	
JAMES E. SIMONS and MARGARET SIMONS,	:	AWARD
	:	
Claimants,	:	MS 91-89
	:	
v.	:	
	:	
HENRY FYFE; MUNICIPAL SECURITIES, INC. and	:	
TIM SHEFFIELD,	:	
Respondents.	:	

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

CASE SUMMARY

Claimants allege, among other things, that Respondents failed to adequately research certain municipal bonds before offering them to Claimants, that Respondents induced Claimants to purchase municipal bonds that were inconsistent with Claimants' expressed investment objective of safety, and that Respondents induced Claimants to swap other municipal bonds in Claimants' portfolio to purchase additional amounts of same. The bonds at issue are \$35,000 face amount of The Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson, County, Tennessee, First Mortgage Revenue Bonds (Brookside Manor Nursing Home Project) Series 1986A, dated December 1, 1986, 10%, due 12/01/16 (the "Bonds"). Claimants purchased \$10,000 face amount of the Bonds on February 9, 1988 and an additional \$25,000 face amount on February 11, 1988.

Respondents argue, among other things, that Respondents fulfilled their responsibilities with respect to researching the Bonds, that the Bonds were consistent with other investments that Claimants had made in the past, and that the swap was seen as offering certain benefits to the Claimants. Respondents also argue that Claimants' claims are barred by the Claimants' laches and by all the applicable statutes of limitations, that Claimants fail to state a viable claim against Respondents, that no duties that Respondents owed to Claimants were breached and that Claimants suffered no losses as a result of anything that Respondents did or did not do, that Claimants' claims are barred by the doctrines of waiver, estoppel and ratification, and that the Claimants' losses (if any) occurred as a result of their willingness to assume a higher degree of risk in return for a higher return on their invested dollars.

RELIEF REQUESTED

Claimants seek to recover approximately \$24,261.82. Respondents request that the claims of the Claimants be dismissed and that the costs be assessed against the Claimants.

AWARD

On July 30, 1992, in Memphis, Tennessee, the undersigned arbitrators heard the controversy between the parties set forth in submissions to the arbitrators signed by Claimants on November 20, 1991 (filed with the MSRB on November 27, 1991) and by Respondents on February 14, 1992. 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. Respondent Municipal Securities, Inc. shall pay to Claimants \$12,487.65, which represents the principal amount lost.
2. No interest shall be awarded to Claimants.
3. All claims against Respondents Henry Fyfe and Tim Sheffield shall be dismissed.
4. Each party shall bear its own costs, including attorney's costs.
5. Claimants' \$100 filing fee shall be retained by the MSRB. In addition, \$100 of Claimants' \$300 hearing deposit shall be retained by the MSRB as forum fees, pursuant to MSRB rule A-16. The remaining \$200 shall be refunded by the MSRB to the Claimants and shall be assessed against Respondent Municipal Securities, Inc. as forum fees, pursuant to MSRB rule A-16.

Public Arbitrator

Public Arbitrator

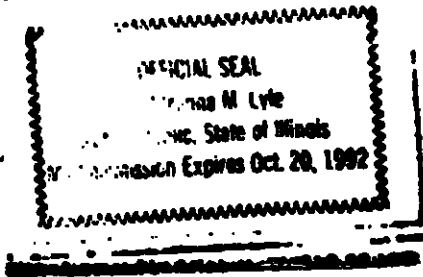
Dated:

Industry Arbitrator

STATE OF
COUNTY OF

SS.:

On this 14th 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.



Thomas M. Lyle

~~STATE OF~~
~~COUNTY OF~~

District of Columbia

SS.:

On this 14th 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.

Paula Hatens

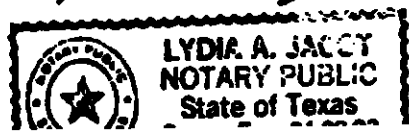
My Commission Expires October 31, 1992

STATE OF TEXAS
COUNTY OF DALLAS

SS.:

On this 17 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.

Lydia A. Jacot



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Robert L. Agosto


Robert L. Dennis


Lewis W. Pollok, III

Dated: