

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 07-01716

Bill Allen
Larry D. Hammonds
Culmon G. Dixon
Chester E. Goff
Billy Chesney
Clyde E. Moseley
Thomas Glenn Hulbert
Richard E. Bosarge, Sr.
Wilson T. Miller
Jimmie J. Gammage
James B. Gully
James Franovich
Reed A. Bond
John E. Rogers, Sr.
Jimmie G. Schafer
Raymond Boyd Beckham

Names of the Respondents

Hearing Site: Jackson, MS

J. Roe Burton
Harbor Financial Services, LLC
Mona Kilgore Wooten
Morgan Stanley DW, Inc.
Prudential Equity Group, LLC
Wachovia Securities, LLC

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For Bill Allen, Larry D. Hammonds, Culmon G. Dixon, Chester E. Goff, Billy Chesney, Clyde E. Moseley, Thomas Glenn Hulbert, Richard E. Bosarge, Sr., Wilson T. Miller, Jimmie J. Gammage, James B. Gully, James Franovich, Reed A. Bond, John E. Rogers, Sr., Jimmie G. Schafer, and Raymond Boyd Beckham, hereinafter collectively referred to as "Claimants": Mack A. Bethea, Esq., Gulfport, MS and Frank "Kim" Breese, III, Esq., Breese Law Office, PLLC, Ridgeland, MS.

For Respondent J. Roe Burton ("Burton"): Robert B. McGinley, Jr., Esq., McDowell Knight Roedder & Sledge, L.L.C., Mobile, AL.

For Respondent Harbor Financial Services, LLC ("Harbor"): Sidney W. Jackson, III, Esq., Jackson, Foster & Graham, LLC, Mobile, AL.

For Respondent Morgan Stanley DW, Inc. ("Morgan"): Bruce Lewitas, Esq, Morgan, Chicago, IL.

For Respondents Prudential Equity Group, LLC ("Prudential"), Wachovia Securities, LLC ("Wachovia") and Mona Kilgore Wooten ("Wooten"): Retta Miller, Esq., Jackson Walker, L.L.P., Dallas, TX. During the evidentiary hearing, Respondent Wooten was represented by John N. Bolus, Esq., Maynard Cooper & Gale PC, Birmingham, AL.

CASE INFORMATION

Statement of Claim filed on or about: May 30, 2007.

Claimant Bill Allen signed the Submission Agreement: July 10, 2007.

Claimant Larry D. Hammonds signed the Submission Agreement: July 7, 2007.

Claimant Culmon G. Dixon signed the Submission Agreement: July 7, 2007.

Claimant Chester E. Goff signed the Submission Agreement: July 19, 2007.

Claimant Billy Chesney signed the Submission Agreement: July 19, 2007.

Claimant Clyde E. Moseley signed the Submission Agreement: July 6, 2007.

Claimant Thomas Glenn Hulbert signed the Submission Agreement: July 18, 2007.

Claimant Richard E. Bosarge, Sr. signed the Submission Agreement: July 25, 2007.

Claimant Wilson T. Miller signed the Submission Agreement: July 19, 2007.

Claimant Jimmie J. Gammage signed the Submission Agreement: July 8, 2007.

Claimant James B. Gully signed the Submission Agreement: July 7, 2007.

Claimant James Franovich signed the Submission Agreement: July 9, 2007.

Claimant Reed A. Bond signed the Submission Agreement: July 23, 2007.

Claimant John E. Rogers, Sr. signed the Submission Agreement: July 10, 2007.

Claimant Jimmie G. Schafer signed the Submission Agreement: July 10, 2007.

Claimant Raymond Boyd Beckham signed the Submission Agreement: July 10, 2007.

Respondent J. Roe Burton's Answer, Factual Statement, and Summary of Defenses filed on or about: October 1, 2007.

Respondent Burton did not file an executed Submission Agreement.

Respondent Harbor did not file a Statement of Answer or executed Submission Agreement.

Motion to Sever and Answer to Statement of Claim Subject Thereto filed by Respondents Prudential, Wachovia, and Wooten on or about: November 2, 2007.

Respondent Prudential signed the Submission Agreement: August 15, 2007.

Respondent Wachovia signed the Submission Agreement: October 31, 2007.

Respondent Wooten signed the Submission Agreement: October 29, 2007.

Respondent Morgan signed the Submission Agreement: January 7, 2008.

Respondent Morgan did not file a Statement of Answer.

Respondents Prudential, Wachovia, and Wooten's Motion to Dismiss Claimants Dixon, Cheney, and Hulbert ("Respondents Prudential, Wachovia, and Wooten's Motion to Dismiss") filed on or about: July 15, 2008.

Response to Motion to Dismiss Claimants Dixon, Chesney, and Hulbert filed by Claimants on or about: August 8, 2008.

Respondent Burton's Motion to Dismiss All Claims of All Claimants ("Respondent Burton's Motion to Dismiss") filed on or about: May 18, 2009.

Response to Burton's Motion to Dismiss filed by Claimants Bill Allen, Larry D. Hammonds, Chester E. Goff, Clyde E. Moseley, Richard E. Bosarge, Sr., Wilson T. Miller, Jimmie J. Gammage, James B. Gully, James Franovich, Reed A. Bond, John E. Rogers, Sr., Jimmie G. Schafer, and Raymond Boyd Beckham (the "Remaining Claimants") on or about: May 21, 2009.

Motion to Confirm Dismissal of Mona Kilgore Wooten filed by Respondent Wooten on or about: September 22, 2009.

Respondents Prudential, Wachovia, and Wooten's Motion to Strike Claimants' Damage Calculations ("Motion to Strike") filed on or about: May 14, 2010.

Response to Respondents' Motion to Strike Claimants' Damage Calculations filed by the Remaining Claimants on or about: May 21, 2010.

Respondents' Reply to Claimants' Response to Motion to Strike Claimants' Damage Calculations filed on or about: May 25, 2010.

CASE SUMMARY

Claimants asserted the following causes of action: unauthorized transactions; unsuitable recommendations; grossly negligent failures to supervise; selling away; selling unregistered securities; gross misrepresentations and omissions; churning; and, self-dealing. The causes of action relate to the purchase of "private investments" in automobile loans, condominiums, and real estate and the purchase and sale of unspecified shares of stock and mutual funds in Claimants' accounts.

Unless specifically admitted in his Answer, Respondent Burton denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in their Answer, Respondents Prudential, Wachovia, and Wooten denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested rescission of all unauthorized transactions that produced a loss in their accounts and of every transaction of an unregistered or "private security" in their IRA accounts, 8% simple interest, exemplary damages, attorneys' fees, costs, and any

other relief the undersigned arbitrators (the "Panel") see as appropriate.

At the close of the hearing, the Remaining Claimants requested unspecified compensatory damages.

Respondent Burton requested dismissal from this arbitration.

Respondents Prudential, Wachovia, and Wooten requested denial of Claimants' claims in their entirety, attorneys' fees, costs, and any other relief to which they may be entitled.

OTHER ISSUES CONSIDERED AND DECIDED

The undersigned arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On or about October 5, 2007, Claimants filed a Notice of Dismissal in which Claimants dismissed, with prejudice, all of their claims against Respondent Harbor.

On or about November 29, 2007, Claimants filed a Notice of Dismissal in which Claimants dismissed, with prejudice, all of their claims against Respondent Morgan.

On or about December 17, 2007, Respondents Prudential, Wachovia, and Wooten withdrew their Motion to Sever.

In their Motion to Dismiss, Respondents Prudential, Wachovia, and Wooten asserted the following: Claimants Dixon, Chesney and Hulbert's claim is time barred because they transferred their accounts away from Respondent Prudential seven years before the Statement of Claim was filed and Claimants Dixon, Chesney and Hulbert never had accounts with Respondent Wachovia. In their response to the Motion to Dismiss, Claimants asserted the following: Respondents Wooten and Prudential were involved with Claimants' investments; Claimants' claims are not time barred because they did not learn of the violations until 2007; and, statutes of limitations in Mississippi securities law do not apply in arbitration.

On or about August 13, 2008, the Panel issued an order which stated "Respondents' Motion to Dismiss Claimants Dixon, Chesney and Hulbert is granted as to Respondents Prudential Equity Group, LLC and Wachovia Securities. The Motion to Dismiss is denied as to Respondent Mona Wooten."

On or about December 29, 2008, Respondent Wooten filed for bankruptcy under the United States Bankruptcy Code. In accordance with these filings, all claims against Respondent Wooten are indefinitely stayed. Therefore, the Panel made no determination with respect to the claims against Respondent Wooten.

On or about May 20, 2009, Respondent Burton filed a notice of withdrawal of the Motion to Dismiss All Claims of All Claimants.

On or about June 1, 2010, the Panel issued an Order which denied Respondents Prudential and Wachovia's Motion to Strike.

On or about June 1, 2010, the Claimants and Respondent Burton filed a Stipulation of Dismissal of All Burton Claims whereby the Remaining Claimants dismissed, with prejudice, all of their claims against Respondent Burton.

During the evidentiary hearing, on or about September 29, 2009, the Panel granted Respondent Wooten's Motion to Confirm Dismissal.

During the evidentiary hearing, Respondents Prudential, Wachovia, and Burton moved for directed verdict on eligibility grounds. The Remaining Claimants opposed the motion. On or about October 1, 2009, the Panel denied the motion.

During the evidentiary hearing, Respondents Prudential and Wachovia moved to exclude Claimants' expert witness, Jon Lyman. The Remaining Claimants opposed the motion. On or about March 25, 2010, the Panel granted the motion.

During the evidentiary hearing, Respondents Prudential and Wachovia moved for dismissal of Claimants' claims related to the Groupama investments on eligibility and statute of limitations grounds. The Remaining Claimants opposed the motion. On or about June 10, 2010, the Panel denied the motion.

During the evidentiary hearing, Respondents Prudential and Wachovia moved for dismissal of Claimants' claims related to the J. Roe Burton investments. The Remaining Claimants opposed the motion. On or about June 10, 2010, the Panel denied the motion.

During the evidentiary hearing, Respondents Prudential and Wachovia moved for dismissal of Claimant Chester E. Goff's claims on eligibility and statute of limitations grounds. The Remaining Claimants opposed the motion. On or about June 10, 2010, the Panel denied the motion.

During the evidentiary hearing, Respondents Prudential and Wachovia moved for dismissal of the claims of Claimants James B. Gully, Jimmie G. Schafer, Clyde E. Moseley, and Richard E. Bosarge, Sr., on statute of limitations grounds. The Remaining Claimants opposed the motion. On or about June 10, 2010, the Panel denied the motion.

During the evidentiary hearing, Respondents Prudential and Wachovia moved for dismissal of Claimants' failure to supervise and churning claims. The Remaining Claimants opposed the motion. On or about June 10, 2010, the Panel denied the motion as to failure to supervise and granted the motion as to churning.

During the evidentiary hearing, Respondents Prudential and Wachovia moved for dismissal of Claimants' well managed portfolio theory of damages claims. The Remaining Claimants opposed the motion. On or about June 10, 2010, the Panel denied the motion.

During this case, Arbitrator Traina's arbitrator classification changed from public to non-

public.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondents Prudential and Wachovia are liable and shall pay to Claimant Bill Allen compensatory damages in the sum of \$154,000.00, punitive damages in the sum of \$15,400.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$51,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant Raymond Boyd Beckham compensatory damages in the sum of \$144,000.00, punitive damages in the sum of \$14,400.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$48,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant Reed A. Bond compensatory damages in the sum of \$144,000.00, punitive damages in the sum of \$14,400.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$48,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant Richard E. Bosarge, Sr. compensatory damages in the sum of \$158,000.00, punitive damages in the sum of \$15,800.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$52,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant James Franovich compensatory damages in the sum of \$168,000.00, punitive damages in the sum of \$16,800.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$55,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant Jimmie J. Gammage compensatory damages in the sum of \$116,000.00, punitive damages in the sum of \$11,600.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$38,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant Chester E. Goff compensatory damages in the sum of \$102,000.00, punitive damages in the sum of \$10,200.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$34,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant James B. Gully compensatory damages in the sum of \$77,000.00, punitive damages in the sum of \$7,700.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$25,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant Larry D. Hammonds compensatory damages in the sum of \$166,000.00, punitive damages in the sum of \$16,600.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$55,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant Wilson T. Miller compensatory damages in the sum of \$39,000.00, punitive damages in the sum of \$3,900.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$13,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant Clyde E. Moseley compensatory damages in the sum of \$87,000.00, punitive damages in the sum of \$8,700.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$29,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant John E. Rogers, Sr. compensatory damages in the sum of \$63,000.00, punitive damages in the sum of \$6,300.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$21,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Respondents Prudential and Wachovia are liable and shall pay to Claimant Jimmie G. Schafer compensatory damages in the sum of \$35,000.00, punitive damages in the sum of \$3,500.00 pursuant to the Mastrobuono and Adams cases cited in the Remaining Claimants' brief, and attorneys' fees in the sum of \$12,000.00 pursuant to the Aetna Casualty case cited in the Remaining Claimants' brief.

Any and all claims for relief not specifically addressed herein, including Respondents Prudential and Wachovia's request for attorneys' fees, are denied.

FEES

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial claim filing fee = \$1,250.00

**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, the member fees are assessed as follows:

Terminated Member Respondent Morgan:

Member surcharge = \$1,500.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$2,200.00

Terminated Member Respondent Prudential:

Member surcharge = \$1,500.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$2,200.00

Respondent Harbor:

Member surcharge = \$1,500.00

Pre-hearing process fee = \$ 750.00

Respondent Wachovia:

Member surcharge = \$1,500.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$2,200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

July 28 – August 1, 2008, adjournment by all parties

The Panel waived assessment of the adjournment fee.

June 15 - 26, 2009, adjournment by the Remaining Claimants = \$1,000.00

The Panel assessed the total adjournment fee of \$1,000.00 jointly and severally to Remaining Claimants Bill Allen, Larry D. Hammonds, Chester E. Goff, Clyde E.

Moseley, Richard E. Bosarge, Sr., Wilson T. Miller, Jimmie J. Gammage, James B. Gully, James Franovich, Reed A. Bond, John E. Rogers, Sr., Jimmie G. Schafer, and Raymond Boyd Beckham.

August 10-14, 2009, adjournment by the Remaining Claimants = \$1,000.00

The Panel assessed the total adjournment fee of \$1,000.00 jointly and severally to Remaining Claimants Bill Allen, Larry D. Hammonds, Chester E. Goff, Clyde E. Moseley, Richard E. Bosarge, Sr., Wilson T. Miller, Jimmie J. Gammage, James B. Gully, James Franovich, Reed A. Bond, John E. Rogers, Sr., Jimmie G. Schafer, and Raymond Boyd Beckham.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

August 10-14, 2009, adjournment by the Remaining Claimants = \$ 300.00

The Panel assessed the total three-day cancellation fee of \$300.00 jointly and severally to Remaining Claimants Bill Allen, Larry D. Hammonds, Chester E. Goff, Clyde E. Moseley, Richard E. Bosarge, Sr., Wilson T. Miller, Jimmie J. Gammage, James B. Gully, James Franovich, Reed A. Bond, John E. Rogers, Sr., Jimmie G. Schafer, and Raymond Boyd Beckham.

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Pre-hearing sessions with a single arbitrator @ \$450.00/session = \$1,350.00

Pre-hearing conferences: April 9, 2008 1 session
July 17, 2009 1 session
August 7, 2009 1 session

Six (6) Pre-hearing sessions with the Panel @ \$1,000.00/session = \$6,000.00

Pre-hearing conferences: November 16, 2007 1 session
August 13, 2008 1 session
June 15, 2009 1 session
August 11, 2009 1 session
May 28, 2010 1 session
June 1, 2010 1 session

Forty-six (46) Hearing sessions @ \$1,000.00/session = \$46,000.00

Hearing Dates: September 28, 2009 2 sessions
September 29, 2009 2 sessions

September 30, 2009	2 sessions
October 1, 2009	2 sessions
October 2, 2009	2 sessions
March 22, 2010	2 sessions
March 23, 2010	2 sessions
March 24, 2010	2 sessions
March 25, 2010	2 sessions
March 26, 2010	2 sessions
April 6, 2010	2 sessions
April 7, 2010	2 sessions
April 8, 2010	2 sessions
April 9, 2010	2 sessions
June 7, 2010	2 sessions
June 8, 2010	2 sessions
June 9, 2010	2 sessions
June 10, 2010	2 sessions
June 11, 2010	2 sessions
October 4, 2010	2 sessions
October 5, 2010	2 sessions
October 6, 2010	3 sessions
October 7, 2010	1 session

Total Hearing Session Fees = \$53,350.00

The Panel has assessed \$26,675.00 of the hearing session fees jointly and severally to Remaining Claimants Bill Allen, Larry D. Hammonds, Chester E. Goff, Clyde E. Moseley, Richard E. Bosarge, Sr., Wilson T. Miller, Jimmie J. Gammage, James B. Gully, James Franovich, Reed A. Bond, John E. Rogers, Sr., Jimmie G. Schafer, and Raymond Boyd Beckham.

The Panel has assessed \$26,675.00 of the hearing session fees jointly and severally to Respondents Prudential and Wachovia.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

Respondent Wachovia, FedEx charges for delivery of Respondents Prudential and Wachovia's Motion to Strike Claimants' Damage Calculations to the Panel = \$ 73.37

All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

Cynthia Lee Traina - Non-Public Arbitrator, Presiding Chairperson
Mark A. Myers - Public Arbitrator
George A. Sawyer - Non-Public Arbitrator

Concurring Arbitrators' Signatures



Cynthia Lee Traina
Non-Public Arbitrator, Presiding Chairperson

11/12/10
Signature Date

Mark A. Myers
Public Arbitrator

Signature Date

George A. Sawyer
Non-Public Arbitrator

Signature Date

Date of Service (For FINRA Dispute Resolution use only)

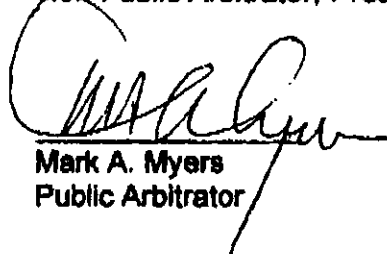
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Mark A. Myers - Public Arbitrator
George A. Sawyer - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Cynthia Lee Traina
Non-Public Arbitrator, Presiding Chairperson

Signature Date



Mark A. Myers
Public Arbitrator

11-12-10
Signature Date

George A. Sawyer
Non-Public Arbitrator

Signature Date

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Cynthia Lee Traina
Non-Public Arbitrator, Presiding Chairperson

Signature Date

Mark A. Myers
Public Arbitrator

Signature Date

George A. Sawyer
George A. Sawyer
Non-Public Arbitrator

NOV. 12, 2010
Signature Date

Date of Service (For FINRA Dispute Resolution use only)