

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Samuel Lipson, (Claimant) vs. Prudential Securities, Inc., Dean Witter Reynolds Inc., Corporate Securities Group, Inc. n/k/a JW Genesis Financial Services, Inc., and Richard D. Gluck, (Respondents)

Case Number: 00-00035

Hearing Site: Boston, Massachusetts

REPRESENTATION OF PARTIES

Claimant, Samuel Lipson, hereinafter referred to as "Claimant": Ralph A. Gant, Esq., a sole practitioner, New York, NY.

Respondents, Prudential Securities, Inc. ("PSI") and Richard D. Gluck ("Gluck") (for the period of time that Gluck was employed by PSI): Arthur G. Baumgartner, Esq., First Vice President and Assistant General Counsel, Prudential Securities, Inc., New York, NY.

Respondents, Dean Witter Reynolds, Inc. ("DWR") and Gluck (for the period of time that Gluck was employed by DWR): Joseph C. Coates, III, Esq., Greenberg Traurig, P.A., West Palm Beach, FL.

Respondents, Corporate Securities Group, Inc. n/k/a JW Genesis Financial Services, Inc. ("CSG") and Gluck (for the period of time that Gluck was employed by CSG): Stephen M. Snyder, Esq., Long & Houlden, Boston, MA.

CASE INFORMATION

Statement of Claim filed on or about: January 6, 2000.

Claimant signed the Uniform Submission Agreement: December 25, 1999.

Joint Statement of Answer filed by PSI and Gluck on or about: April 28, 2000.

PSI did not sign a Uniform Submission Agreement.

Gluck did not sign a Uniform Submission Agreement.

Joint Statement of Answer filed by DWR and Gluck on or about: May 1, 2000.

DWR did not sign a Uniform Submission Agreement.

Gluck did not sign a Uniform Submission Agreement.

Joint Statement of Answer filed by CSG and Gluck on or about: April 28, 2000.
CSG signed the Uniform Submission Agreement: September 1, 2000.
Gluck did not sign a Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: unsuitability; failure to supervise; and respondeat superior. Claimant's claim involved stocks and/or warrants in KBL Healthcare, Maxus Energy, First Central Financial, Network Imaging Corp., and North American Fitness.

Unless specifically admitted in their Answer, PSI and Gluck denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant's conduct, at a minimum, ratified the purchases of which he now complains; Claimant's claims should be dismissed under the applicable statute of limitations; Claimant failed to use the requisite due diligence in monitoring, trading, managing, and handling his accounts; Claimant expressly ordered, approved, authorized, participated in, and ratified the acts and transactions complained of and upon which recovery is sought; at all times material herein and in all matters relevant to the allegations contained in the Statement of Claim, Respondents acted in good faith; and Claimant is not entitled to punitive damages.

Unless specifically admitted in their Answer, DWR and Gluck denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant was fully advised of and understood the nature of the investments purchased in his DWR account; Claimant had full, complete, accurate, and contemporaneous knowledge of the transactions complained of in the Statement of Claim, and he is accordingly precluded from any recovery in this action; any diminution in the value of Claimant's investments made through DWR was caused in whole or in part by the general decline in the investment markets, the economy, and/or other events outside the control of DWR; Claimant expressly ordered, approved, participated in, and ratified the acts and transactions he complains of in the Statement of Claim; Claimant is barred from any recovery in this action under the doctrines of waiver, estoppel, and ratification; Claimant's losses were proximately caused by his own decisions, conduct, and/or negligence, not by any action or inaction by Respondents; Claimant's claims are barred as a result of his failure to exercise due diligence and failure to timely disaffirm the transactions and acts complained of in the Statement of Claim; Claimant's claims are barred as a result of his failure to minimize or mitigate his damages; Claimant's relationship with Respondents is contractual in nature, and, therefore, any tort claims for economic losses are barred as a matter of law; Claimant is not entitled to recovery against Respondents in this action because Respondents acted at all times in good faith and exercised reasonable diligence; Claimant's claims are time-barred under the applicable statutes of limitation and/or statutes of repose; and Claimant's claims are barred because of his direct dealings and communications with First Central Financial.

RELIEF REQUESTED

Claimant requested compensatory damages totaling \$345,676.00, plus margin costs, interest at 9% per annum starting June 1, 1996, punitive damages, arbitration costs, reasonable attorneys' fees, and a disciplinary referral based on Gluck's wrongful conduct as will be evidenced at the hearing.

PSI and Gluck requested that:

- a. The Panel dismiss the Statement of Claim in its entirety because the claims stated thereunder failed to state a claim upon which relief can be granted;
- b. The Panel dismiss the Statement of Claim in its entirety and declare that PSI and Gluck are not liable to Claimant in any respect, in law or in equity, upon the evidence presented; and
- c. The Panel grant such other and further relief as it deems appropriate.

DWR and Gluck requested that the Statement of Claim be denied in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated January 23, 2001, Claimant advised NASD Dispute Resolution that he had entered into a settlement agreement with CSG and Gluck, with respect to Gluck's activities while he was employed by CSG only. In that same letter, Claimant reduced the amount of compensatory damages requested to \$310,571.00.

On November 1, 2002, DWR and Gluck filed a Motion for Default Judgement. Claimant filed a response to said Motion on November 8, 2002. PSI and Gluck also filed a Motion for Default Judgement on December 23, 2002. After due consideration, the Panel granted the Motions for Default Judgment, thereby dismissing this matter in its entirety, with prejudice.

Claimant filed a Motion for Reconsideration of the Panel's decision on December 24, 2002, to which DWR and Gluck responded on January 3, 2003. The Panel denied Claimant's Motion for Reconsideration.

PSI, DWR, and Gluck did not file with NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure and, having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

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, including Respondents' Motions for Default Judgment and all responses thereto, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims are hereby dismissed in their entirety, with prejudice.
2. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$ 300.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person at the time of the events giving rise to the dispute. In this matter, Prudential Securities, Inc., Dean Witter Reynolds Inc., and Corporate Securities Group, Inc. are parties.

Prudential Securities, Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Dean Witter Reynolds Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Corporate Securities Group, Inc.

Member surcharge	= \$ 800.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,000.00

Forum Fees and Assessments

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

One (1) Pre-hearing session with a single arbitrator x \$450.00 = \$ 450.00
Pre-hearing conference: July 11, 2002 1 session

Three (3) Pre-hearing sessions with Panel x \$1,125.00 = \$3,375.00
Pre-hearing conferences: March 30, 2001 1 session
April 3, 2002 1 session
January 24, 2003 1 session

Total Forum Fees = \$3,825.00

The Panel has assessed all of the forum fees against Claimant.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$3,825.00
Total Fees	= \$4,125.00
Less payments	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$2,700.00

2. PSI is solely liable for:

Member Fees	= \$4,600.00
Total Fees	= \$4,600.00
Less payments	= \$7,600.00
Refund Due PSI	= \$3,000.00

3. DWR is solely liable for:

Member Fees	= \$4,600.00
Total Fees	= \$4,600.00
Less payments	= \$4,600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

4. CSG is solely liable for:

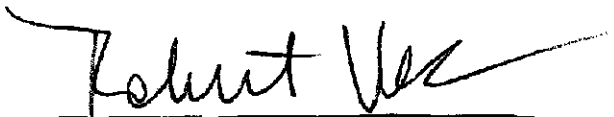
<u>Member Fees</u>	= \$2,400.00
<u>Total Fees</u>	= \$2,400.00
<u>Less payments</u>	= \$2,100.00
Balance Due NASD Dispute Resolution	= \$ 300.00

All balances are payable to NASD Dispute Resolution, and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Robert Volk, Esq.	-	Public Arbitrator, Presiding Chair
Paul W. Fager, Esq.	-	Public Arbitrator
Jack A. Marshall	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Robert Volk, Esq.
Public Arbitrator, Presiding Chair

2/7/03
Signature Date

Paul W. Fager, Esq.
Public Arbitrator

Signature Date

Jack A. Marshall
Non-Public Arbitrator

Signature Date

March 4, 2003
Date of Service (For NASD Dispute Resolution use only)

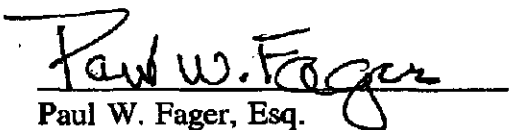
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Public Arbitrator, Presiding Chair

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Public Arbitrator

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Signature Date

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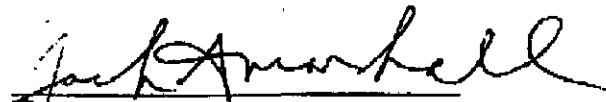
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