

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Name of the Claimants
Prudential Securities, Inc.

Case Number: 01-00840

Name of the Respondents
Rhea Laws and RHL Capital Group
Limited Co., L.L.C.

Hearing Site: Houston, Texas

REPRESENTATION OF PARTIES

Claimant Prudential Securities, Inc., hereinafter referred to as "Claimant": David D. Sterling, Esq. of Baker Botts L.L.P., Houston, Texas.

Respondents Rhea Laws ("Laws"): initially represented by Daniel R. Kirshbaum, of Axelrod, Smith & Kirshbaum was pro se.

Respondent RHL Capital Group Limited Co., L.L.C., ("RHL") initially represented by Daniel R. Kirshbaum, of Axelrod, Smith & Kirshbaum did not appear at the hearing.

CASE INFORMATION

Claimant filed the Statement of Claim on or about: February 22, 2001.

Claimant signed the Uniform Submission Agreement: February 13, 2001.

Joint Statement of Answer filed by Respondents Laws and RHL on or about: May 4, 2001.

Respondent, Laws signed the Uniform Submission Agreement on behalf of Respondents on: April 4, 2001.

CASE SUMMARY

Claimant Prudential Securities Incorporated asserted the following causes of action: Breach of Contract. This claimant was related to Respondents failure to meet margin calls with respect to stocks trading in their account.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: Claims are barred by the principals of waiver, estoppel, laches, ratification and affirmance; Claims are barred by Claimant's own negligence and failure to mitigate; and Rhea Laws is not liable as a matter of law.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$ 300,000.00
Punitive Damages	as panel deems appropriate
Interest	pre-award and pre-judgment interest
Attorneys' Fees	not specified
Other Costs	not specified
Other Monetary/Non-Monetary Relief if any:	as panel deems just and equitable

Respondents requested:

Other Monetary/Non-Monetary Relief if any:	denial of claims
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OTHER ISSUES CONSIDERED AND DECIDED

At the hearing on the merits, Respondent Rhea Laws orally argued that the claims against him as an individual respondent be dismissed in their entirety. At the close of Claimants case, the Panel decided that the case against Rhea Laws should be dismissed with prejudice.

Respondent RHL did not appear at the hearing. Upon review of the file and the representations made by/on behalf of the Claimant, the Panel determined that Respondent RHL has been properly served with the Statement of Claim and received due notice of the hearing, and that the arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure the "Code".

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:

1. Respondent RHL Capital Group Limited Co. L.L.C. is liable for and shall pay to Claimant Prudential Securities, Inc., compensatory damages in the sum of \$303,622.53. Interest on the Award shall begin to accrue at a rate of eight percent (8%) on January 1, 2001 and shall cease to accrue when the Award is paid in full;
2. Respondent RHL Capital Group Limited Co. L.L.C., is liable for and shall pay to Claimant Prudential Securities, Inc., attorneys' fees in the sum of \$35,570.45. The authority for the award of attorneys fees is based upon the oral representations of the parties, the pleadings presented herein, and Texas State Statutes;
3. Respondent RHL Capital Group Limited Co. L.L.C., is liable for and shall pay to Claimant Prudential Securities, Inc., the sum of \$1,000.00 as reimbursement of NASD filing fees;

4. Any and all claims asserted by Claimant Prudential Securities, Inc., against Rhea Laws are dismissed in their entirety, with prejudice;
5. Unless specifically enumerated herein, parties shall bear their own costs, including attorney's fees; and,
6. Any and all relief not specifically addressed herein, including punitive damages, is 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 = \$ 1,000.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. According Prudential Securities is the Claimant:

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
<u>Hearing process fee</u>	<u>= \$2,500.00</u>
Total	= \$4,600.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 @ \$450.00	= \$ 450.00
Pre-hearing conference: September 25, 2001 1 session	

Two (2) Pre-hearing session with Panel @ \$1,125.00	= \$ 2,250.00
Pre-hearing conference: August, 1, 2001 1 session	
July 10, 2001 1 session	

Five (5) Hearing sessions @ \$1,125.00	= \$ 5,625.00
Hearing Dates: December 4, 2001 1 session	
September 24, 2002 2 sessions	
September 25, 2002 2 sessions	

Total Forum Fees	= \$ 8,325.00
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1. The Panel has assessed \$8,325.00 in forum fees to Respondent RHL Capital Group Limited Co. L.L.C.

FEE SUMMARY

1. Claimant is solely liable for:	
Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 4,600.00
Total Fees	= \$ 5,600.00
Less payments	= \$ 6,725.00
Balance refunded by NASD Dispute Resolution	= \$ 1,125.00
2. Respondent, RHL is solely liable for:	
Forum Fees	= \$ 8,325.00
Less payments	= \$ 00
Balance Due to NASD Dispute Resolution	= \$ 8,325.00

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

ARBITRATION PANEL

Jack Chapline Vaughan, Esq.	-	Public Arbitrator, Presiding Chairperson
Randall W. Heinrich, Esq.	-	Public Arbitrator
Robert Mackey	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Jack Chapline Vaughan, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Randall W. Heinrich, Esq.
Public Arbitrator

Signature Date

Robert Mackey
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution
Arbitration No. 01-00840
Award Page 4 of 4

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2. Respondent, RHL is solely liable for:

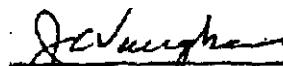
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<u>Less payments</u>	<u>= \$ 00</u>
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Robert Mackey	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Jack Chapline Vaughan, Esq.
Public Arbitrator, Presiding Chairperson

11/4/2002

Signature Date

Randall W. Heinrich, Esq.
Public Arbitrator

Signature Date

Robert Mackey
Non-Public Arbitrator

Signature Date

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NASD Dispute Resolution
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Jack Chapline Vaughan, Esq.
Public Arbitrator, Presiding Chairperson



Randall W. Heinrich, Esq.
Public Arbitrator

Signature Date

10/31/02

Signature Date

Robert Mackey
Non-Public Arbitrator

Signature Date

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Jack Chapline Vaughan, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Randall W. Heinrich, Esq.
Public Arbitrator

Signature Date



Robert Mackey
Non-Public Arbitrator

11-5-02

Signature Date

Date of Service (For NASD Dispute Resolution office use only)