

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Terry Lee and Marcia Tapp, The Top Shop, Inc.

and

01-01940
Phoenix, Arizona

Name of Respondent

Prudential Securities, Inc.

REPRESENTATION OF PARTIES

Terry Lee and Marcia Tapp, and The Top Shop, Inc. ("**Claimants**") were represented by Jon A. Titus, Esq. and David R. Jordan, Esq., Titus, Brueckner & Berry, P.C., Scottsdale, Arizona.

Prudential Securities, Inc. ("**Respondent**") was represented by Charles LaChaussee, Esq., Prudential Securities Incorporated, San Francisco, California.

CASE INFORMATION

The Statement of Claim was filed on or about April 16, 2001. Submission Agreement of Claimants Terry Lee and Marcia Tapp, The Top Shop, Inc. was signed on April 10, 2001.

Statement of Answer was filed by Respondent Prudential Securities, Inc. on or about June 25, 2001. Submission Agreement of Respondent Prudential Securities, Inc. was signed on June 22, 2001 by Charles LaChaussee.

CASE SUMMARY

Claimants submitted the following summary:

In their statement of claim, Claimants allege that Respondent Prudential Securities is liable to them for securities fraud, unsuitable recommendations, negligence, negligent misrepresentation and other claims. Claimants also demand recovery of their attorneys' fees for this arbitration proceeding. The demand arises out of the conduct of Dennis Mitch Chamberlain, who recommended a course of speculative and unsuitable trading for Claimants which was the direct cause of their damages.

Respondent denied the allegations set forth in the Statement of Claim. In its Answer, Respondent specifically stated as follows:

The Claimant authorized and ratified each and every purchase of securities about which they now complain. The Claimants understood the risks associated with the purchase of common stocks and using margin and they clearly knew the relationship between risk and return. PSI vehemently denies that Mr. Chamberlain misrepresented or failed to disclose any risks associated with the Claimants' investments. Indeed, the majority of the Claimants' trades were unsolicited and not even recommended by PSI or Mr. Chamberlain. Finally, the Claimant, Mr. Tapp, and Mr. Chamberlain often spoke on a daily basis (frequently several times a day with Mr. Tapp initiating the phone calls) concerning the Claimants' accounts and the securities held in the account. The Claimants decided to purchase the securities in the account, not PSI. Therefore, the Claimants, not PSI, are responsible for any losses incurred in their account.

In conclusion, PSI, specifically denies that they permitted the Claimants to engage in trading which was unsuitable for the Claimants, engaged in any deceptive conduct, acted with intent to deceive, mismanaged the Claimants' accounts or acted incompetently or negligently in connection with the securities transactions in the Claimants' accounts. PSI denies that they breached any fiduciary duties. Moreover, PSI specifically denies that it violated any provision of the Arizona Securities Act or NASD Conduct Rules. Finally, PSI denies that they violated any applicable rules, regulations, or laws.

RELIEF REQUESTED

Claimants requested an award as follows:

- A. For actual damages for Claimant The Top Shop, Inc. in the amount of \$107,291 and for actual damages for Claimants Terry and Marcia Tapp in the amount of \$144,693;
- B. For market opportunity losses in an amount to be determined by the arbitration panel;
- C. For rescission of all transactions in the account;
- D. For disgorgement of all commissions paid to Respondents;
- E. For interest on the principal invested at the legal rate of ten percent (10%) from the dates of Claimants' investments until paid;
- F. For Claimants' reasonable attorneys' fees, costs and other expenses incurred and accruing herein;
- G. Unspecified punitive damages; and
- H. For such other relief as the arbitration panel may deem appropriate.

Respondent requested that the claims asserted against it be dismissed in their entirety and requests that costs be awarded in its favor.

OTHER ISSUES CONSIDERED & DECIDED

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution, Inc. (the "NASD").

AWARD

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

1. The undersigned Arbitrators find in favor of Respondent and against Claimants denying all claims asserted herein.
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. 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 firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm(s) is Prudential Securities, Inc.

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

Adjournment Fees

Adjournments requested during these proceedings:

February 12-15, 2002, hearing dates, adjournment requested by Prudential Securities, Inc.
= \$1,125.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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:

Five (5) Hearing sessions x \$1,125.00			= \$5,625.00
Hearing Date(s):	July 9, 2002	2 sessions	
	July 10, 2002	2 sessions	
	July 11, 2002	1 session	
Total Forum Fees			= \$5,625.00

The Arbitration Panel has assessed \$2,812.50 of the forum fees to Terry Lee and Marcia Tapp, The Top Shop, Inc.

The Arbitration Panel has assessed \$2,812.50 of the forum fees to Prudential Securities, Inc..

Fee Summary

Claimants, Terry Lee and Marcia Tapp, The Top Shop, Inc., shall be and hereby are liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	= \$ 2,812.50
Total Fees	= \$ 3,112.50
<u>Less payments</u>	= \$ 1,425.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,687.50

Respondent, Prudential Securities, Inc., shall be and hereby is liable for:

Member Fees	= \$ 4,600.00
Adjournment Fee	= \$ 1,125.00
<u>Forum Fees</u>	= \$ 2,812.50
Total Fees	= \$ 8,537.50
<u>Less payments</u>	= \$ 7,100.00

Balance Due NASD Dispute Resolution, Inc. = \$ 1,437.50

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

William M. Howard, J.D., PhD - Public Arbitrator, Presiding Chair
Robert C. Hubbard - Public Arbitrator
James Sullivan - Non-Public Arbitrator

Concurring Arbitrators:

/s/ William M. Howard
William M. Howard, J.D., PhD
Public Arbitrator, Presiding Chair

July 29, 2002
Signature Date

/s/ Robert C. Hubbard
Robert C. Hubbard
Public Arbitrator

July 30, 2002
Signature Date

/s/ James Sullivan
James Sullivan
Non-Public Arbitrator

July 31, 2002
Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 01-01940
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Balance Due NASD Dispute Resolution, Inc.

= \$ 1,437.50

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

William M. Howard, J.D., PhD - Public Arbitrator, Presiding Chair

Robert C. Hubbard - Public Arbitrator

James Sullivan - Non-Public Arbitrator

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Concurring Arbitrators:


William M. Howard, J.D., PhD

Public Arbitrator, Presiding Chair


Signature Date

Robert C. Hubbard
Public Arbitrator

Signature Date

James Sullivan
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 01-01940
Award Page 5 of 5

Balance Due NASD Dispute Resolution, Inc.

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ARBITRATION PANEL

William M. Howard, J.D., PhD - Public Arbitrator, Presiding Chair
Robert C. Hubbard - Public Arbitrator
James Sullivan - Non-Public Arbitrator

Concurring Arbitrators:

William M. Howard, J.D., PhD
Public Arbitrator, Presiding Chair

Signature Date

Robert C. Hubbard
Robert C. Hubbard
Public Arbitrator

7/30/02
Signature Date

James Sullivan
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 01-01940
Award Page 3 of 5

Balance Due NASD Dispute Resolution, Inc.

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All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

William M. Howard, J.D., PhD - Public Arbitrator, Presiding Chair
Robert C. Hubbard - Public Arbitrator
James Sullivan - Non-Public Arbitrator

NASD DISPUTE RESOLUTION, INC.
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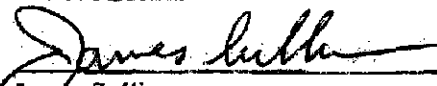
Concurring Arbitrators:

William M. Howard, J.D., PhD
Public Arbitrator, Presiding Chair

Signature Date

Robert C. Hubbard
Public Arbitrator

Signature Date



James Sullivan
Non-Public Arbitrator



7/31/02
Signature Date