

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Blas S. Catalani, II

and

Case Number: 02-04596
Hearing Site: Houston, Texas

Names of Respondents

Prudential Equity Group, Inc.
Mark W. Kelch
Thomas R. Griffin

NATURE OF DISPUTE

Associated Person v. Member Firm and Associated Persons

REPRESENTATION OF PARTIES

Blas S. Catalani, II ("**Claimant**") was represented by William H. Ford, Esq., of Ball & Weed, P.C., of San Antonio, Texas.

Prudential Equity Group, Inc. ("**Prudential**") and Mark W. Kelch ("**Kelch**") (collectively as "**Respondents**"), were represented by Stuart E. Blaugrund, Esq., of Gardere Wynne Sewell, LLP, of Dallas, Texas.

Thomas R. Griffin ("**Griffin**") did not appear or participate at the hearing.

CASE INFORMATION

The Statement of Claim was filed on or about August 6, 2002.

The Submission Agreement of Claimant Blas S. Catalani, II was signed on or about July 30, 2002.

The Joint Statement of Answer was filed by Respondents Prudential Equity Group, Inc. and Mark W. Kelch on or about October 30, 2002.

The Submission Agreement of Respondent Prudential Equity Group, Inc. was signed on or about October 25, 2002.

The Submission Agreement of Respondent Mark W. Kelch was signed on or about October 25, 2002.

There was no Statement of Answer or Submission Agreement filed by Respondent Thomas R. Griffin.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract, libel, slander and defamation.

Unless specifically admitted in its Answer, Respondents, Prudential Equity Group, Inc. and Mark W. Kelch, denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: failure to state of claim in which relief can be granted, the alleged "agreements" referenced in the Statement of Claim lack consideration, Claimant failed to mitigate his damages, estoppel, and damages are too vague to permit recovery.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$1,000,000
Punitive/Exemplary Damages	Unspecified
Attorney's Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified
Interest	Unspecified

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

The Claimant made a Motion to Bar Respondent Griffin from presenting any matter, argument, or defense under the Uniform Code of Arbitration Procedure 10314(b)(2)(c). Upon review of the file, the undersigned arbitrators have determined that Respondent

Griffin has not been properly served with the Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Griffin had not received due notice of the hearing as required under Rule 10315 of the Code. Therefore, the Panel determined at hearing that there was no proof of service for Thomas R. Griffin, as well as no proof of jurisdiction over this Respondent.

Respondents' Prudential Equity Group, Inc and Mark Kelch Motion in Limine was carried along with the hearing and the Panel determined that there was no necessity for a ruling.

Respondents' Prudential Equity Group, Inc and Mark Kelch Motion to Dismiss Defamation Claims following Claimant's presentation of the evidence was denied.

Respondents Prudential Equity Group, Inc and Mark Kelch also requested the Panel to order the Claimant to produce Income Tax Returns that had previously been requested and subpoenaed. The Panel granted the request, and the returns were produced at the hearing.

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 NASD Dispute Resolution ("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.) Respondent Prudential Equity Group, Inc. shall pay to Claimant, Blas S. Catalani, II, the sum of \$87,500.00 in compensatory damages;
- 2.) Respondent Prudential Equity Group, Inc. shall pay to Claimant, Blas S. Catalani, II, interest on the above stated sum at the rate of 10% per annum starting 30 days after Respondent's receipt of the Award and ceasing when the full amount of the Award has been paid;
- 3.) All claims asserted against Respondent Kelch are dismissed with prejudice; and
- 4.) That any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied with prejudice.

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 = \$500.00

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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is Prudential Equity Group, Inc.

Member surcharge = \$2800.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$5000.00

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 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(s) with Panel x \$1200.00 = \$1200.00

Pre-hearing conference: March 4, 2003 1 session

Six (6) Hearing sessions x \$1200.00 = \$7200.00

Hearing Date(s): December 9, 2003 3 sessions

December 10, 2003 2 sessions

December 11, 2003 1 session

Total Forum Fees = \$8400.00

The Arbitration Panel has assessed \$4200.00 of the forum fees to Blas S. Catalani, II.
The Arbitration Panel has assessed \$4200.00 of the forum fees to Prudential Equity Group, Inc.

FEE SUMMARY

Claimant, Blas S. Catalani, II, is liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$4200.00
<hr/> Total Fees	<hr/> = \$4700.00
Less payments	= \$1700.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$3000.00

Respondent, Prudential Equity Group, Inc., is liable for:

Member Fees	= \$8550.00
Forum Fees	= \$4200.00
<hr/> Total Fees	<hr/> = \$12750.00
Less payments	= \$8550.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$4200.00

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

ARBITRATION PANEL

Donald K. Eckhardt, Esq. - Public Arbitrator, Presiding Chair
Randall W. Heinrich, Esq. - Public Arbitrator
Gregory E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Donald K. Eckhardt, Esq.
Donald K. Eckhardt, Esq.
Public Arbitrator, Presiding Chair

December 31, 2003
Signature Date

/s/ Randall W. Heinrich
Randall W. Heinrich, Esq.
Public Arbitrator

January 5, 2004
Signature Date

/s/ Gregory E. Cater
Gregory E. Cater
Non-Public Arbitrator

December 31, 2003
Signature Date

January 2, 2004
Date of Service (For NASD office use only)

ARBITRATION PANEL

Gregory E. Cater - Non-Public Arbitrator

Concerning Arbitration

Public Arbitrator, Presiding Chair

Signature Date:

Public Arbitrator

Signature Date

Non-Public Arbitrator

Signature Date

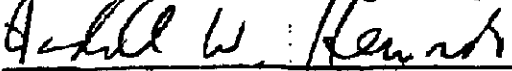
Date of Service (For NASD office use only)

ARBITRATION PANEL

Donald K. Eckhardt, Esq. - Public Arbitrator, Presiding Chair
Randall W. Heinrich, Esq. - Public Arbitrator
Gregory E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

Donald K. Eckhardt, Esq.
Public Arbitrator, Presiding Chair



Randall W. Heinrich, Esq.
Public Arbitrator

Signature Date

1-5-04

Signature Date

Gregory E. Cater
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

Donald K. Eckhardt, Esq. - Public Arbitrator, Presiding Chair
Randall W. Heinrich, Esq. - Public Arbitrator
Gregory E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

Donald K. Eckhardt, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Randall W. Heinrich, Esq.
Public Arbitrator

Signature Date



Gregory E. Cater
Non-Public Arbitrator

12/31/03

Signature Date

Date of Service (For NASD office use only)