

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Prudential Securities, Inc. (Claimant) v. William D. Dilley (Respondent)

Case Number: 02-05865

Hearing Site: Cleveland, Ohio

Nature of the Dispute: Member vs. Associated Person

REPRESENTATION OF PARTIES

Claimant Prudential Securities, Inc., hereinafter referred to as "Claimant": Steven P. Gombert, Esq., Rooks Pitts, Chicago, IL.

Respondent William D. Dilley, hereinafter referred to as "Respondent" appeared *pro se*. Previously represented by: Ari H. Jaffe, Esq., Kohrman Jackson & Krantz, PLL, Cleveland, OH.

CASE INFORMATION

Statement of Claim filed on or about: September 27, 2002.

Answer to Respondent's Counterclaim filed on or about: December 18, 2002.

Claimant signed the Uniform Submission Agreement: September 4, 2002.

Statement of Answer and Counterclaim filed by Respondent on or about: November 20, 2002.

Respondent signed the Uniform Submission Agreement: October 11, 2002.

CASE SUMMARY

Claimant asserted the following causes of action: failure to repay monies owed pursuant to the terms of a promissory note. In its Reply to the Counterclaim, Claimant denied the allegations made in the Counterclaim and asserted various affirmative defenses.

Unless specifically admitted in his Answer and Counterclaim, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In his Counterclaim, Respondent asserted the following causes of action: breach of employment contract; promissory estoppel; and freezing of his personal account.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested the principal balance due and owing under the Note in the amount of \$639,448.06; interest on the balance due and owing under the Note at the contract rate of 5% per annum (\$87.60 per day) from July 2, 2002 to the date

of payment; the costs of collection and of this proceeding including attorneys' fees as agreed to under the terms of the Agreement and Note; and any other relief as the Arbitrators deem just and proper. In its Answer to the Counterclaim, Claimant requested that Respondent's claims be dismissed in their entirety.

In his Answer and Counterclaim, Respondent requested judgment in favor of Respondent on Claimant's claim; judgment on Counts I and II of Respondent's Counterclaim in an amount to be proven at arbitration of not less than Two Million Dollars (\$2,000,000.00); Judgment on Count III of Respondent's Counterclaim in an amount to be proven at arbitration of not less than Nine Hundred Thousand Dollars (\$900,000.00); pre- and post-judgment interest on all judgments and awards at the maximum rate of interest allowed by law; an award of all fees, costs, expenses and attorney fees associated with this matter; and any and all such other relief as the arbitration panel shall deem just and equitable.

OTHER ISSUES CONSIDERED AND 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.

AWARD

After considering the pleadings, and 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 is liable for and shall pay to Claimant compensatory damages in the amount of \$639,448.06 plus interest at the rate of 10% per annum from the date of this Award until the date the award is paid.
2. Respondent is liable for and shall pay to Claimant pre-judgment interest at the rate of 5% per annum from July 2, 2002 until the date of this Award.
3. Claimant is liable for and shall pay to Respondent compensatory damages in the amount of \$129,635.00 plus interest at the rate of 10% per annum from the date of this Award until the date the award is paid.
4. Any and all relief not specifically addressed herein 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	= \$1,250.00
Counterclaim 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 person at the time of the events giving rise to the dispute. Accordingly, Prudential Securities, Inc. is a party.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00

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: July 21, 2003 1 session	

One (1) Pre-hearing session with Panel @ \$1,200.00	= \$1,200.00
Pre-hearing conference: May 13, 2003 1 session	

Four (4) Hearing sessions @ \$1,200.00	= \$4,800.00
Hearing Dates: September 30, 2003 2 sessions	
October 1, 2003 2 sessions	

Total Forum Fees	= \$6,450.00
------------------	--------------

1. The Panel has assessed \$3,225.00 of the forum fees against Claimant.
2. The Panel has assessed \$3,225.00 of the forum fees against Respondent.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 1,250.00
Member Fees	= \$ 8,000.00
Forum Fees	= \$ 3,225.00
Total Fees	= \$12,475.00
Less payments	= \$10,450.00
Balance Due NASD Dispute Resolution	= \$ 2,025.00

2. Respondent is solely liable for:

Counterclaim Filing Fee	= \$ 500.00
<u>Forum Fees</u>	<u>= \$ 3,225.00</u>
Total Fees	= \$ 3,725.00
<u>Less payments</u>	<u>= \$ 1,700.00</u>
Balance Due NASD Dispute Resolution	= \$ 2,025.00

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

ARBITRATION PANEL

Thomas R. Skulina, Esq.	-	Public Arbitrator, Presiding Chair
Frank C. Fogl, Jr., Esq.	-	Public Arbitrator
John P. McGinty	-	Non-Public Arbitrator

Concurring Arbitrators' Signature(s)

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Thomas R. Skulina, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Frank C. Fogl, Jr., Esq.
Public Arbitrator

Signature Date

John P. McGinty
Non-Public Arbitrator

Signature Date

October 31, 2003

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Thomas R. Skulina, Esq

Public Arbitrator, Presiding Chair

Frank C. Fogl, Jr., Esq

Public Arbitrator

John P. McGinty

Non-Public Arbitrator

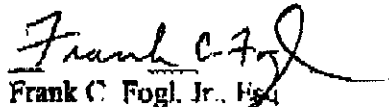
Concurring Arbitrators' Signature(s)

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award

Thomas R. Skulina, Esq

Signature Date

Public Arbitrator, Presiding Chairperson



Frank C. Fogl, Jr., Esq

Signature Date

Public Arbitrator

John P. McGinty

Signature Date

Non-Public Arbitrator

October 31, 2003

Date of Service (For NASD Dispute Resolution use only)

NASD Dispute Resolution
 Arbitration No. 02-05865
 Award Page 5 of 5

ARBITRATION PANEL

Thomas R. Skulina, Esq.	-	Public Arbitrator, Presiding Chair
Frank C. Fogl, Jr., Esq.	-	Public Arbitrator
John P. McGinty	-	Non-Public Arbitrator

Concurring Arbitrators' Signature(s)

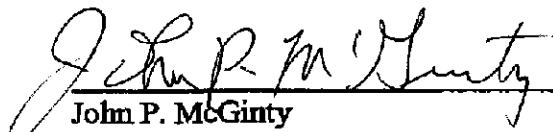
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

 Thomas R. Skulina, Esq.
 Public Arbitrator, Presiding Chairperson

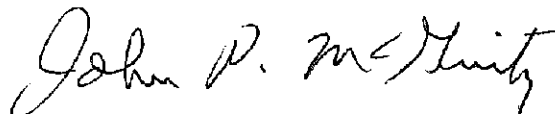
 Signature Date

 Frank C. Fogl, Jr., Esq.
 Public Arbitrator

 Signature Date



 John P. McGinty
 Non-Public Arbitrator



 Signature Date

October 31, 2003

 Date of Service (For NASD Dispute Resolution use only)