

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Cynthia Jarrard

And

02-06055
Kansas City, Missouri

Name of Respondents

Prudential Equity Group, LLC f/k/a Prudential Securities Incorporated

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

Cynthia Jarrard ("**Claimant**") was represented by Gordon D. Gee, Esq., Seigfred, Bingham, Levy, Selzer & Gee, Kansas City, Missouri.

Prudential Equity Group, LLC f/k/a Prudential Securities Incorporated ("**Respondent**") was represented by Jeffrey L. Squires, Esq., Garvey Schubert Barber, Washington, DC.

CASE INFORMATION

The Statement of Claim was filed on or about October 10, 2002. Submission Agreement of Claimant Cynthia Jarrard was signed on October 3, 2002.

Statement of Answer was filed by Respondent Prudential Equity Group, LLC f/k/a Prudential Securities Incorporated on or about December 18, 2002. Submission Agreement of Respondent Prudential Equity Group, LLC f/k/a Prudential Securities Incorporated was signed on June 18, 2003.

CASE SUMMARY

Claimant alleged that:

Prudential Securities has breached duties which it owed to Ms. Jarrard including legal, contractual and fiduciary duties. Among other improper acts and omissions, Prudential Securities: (1) allowed unsuitable trades to be made in Ms. Jarrard's accounts; (2) engaged in actions inconsistent with just and equitable principles of trade; (3) was grossly negligent and reckless; (4) materially aided in conduct in violation of applicable securities laws; and/or (5) made a number of knowingly false and misleading material representations and omissions to

Ms. Jarrard regarding the nature, status and effect of transactions undertaken in her accounts, knowing and intending that she would rely on such false and misleading representations and omissions. In addition, Prudential Securities failed to fulfill its obligation to properly supervise Ms. Jarrard's accounts.

Respondent denied the allegations set forth in the Statement of Claim. Respondent specifically stated:

Claimant admittedly chose an investment advisor not employed by Prudential Securities to invest her monies. (Statement of Claim, p.2) After choosing an investment advisor from California named Joseph Baratta, Claimant opened accounts with PSI and gave Mr. Baratta her power of attorney to trade her PSI accounts. (New Account Documentation attached [to Answer] as Exhibit "A").

Claimant could have terminated her relationship with Mr. Baratta (who again did not work for PSI) at anytime if she was dissatisfied with his trading of her account. In fact, she did just that in late May 2000 after losing money in the stock market with Mr. Baratta. (Claimant's May 25, 2000 letter to Mr. Baratta attached hereto [to Answer] as Exhibit "B").

Claimant received confirmations of all her trades from PSI. She never complained to PSI about any of the trades she admittedly authorized Mr. Baratta to make on her behalf.

Claimant signed option agreements with PSI and indicated that speculation was one of her objectives. (Exhibit A [to Answer]) Her after the-fact allegation of unsuitable activity is contrived and contradicts the very option agreements she signed.

Claimant is a sophisticated person who was an executive at various technology companies. Her executive positions included Director of Sales for Ciena Corp., and Regional District Manager for Sycamore Networks, Inc. (Statement of Claim, p.2) She previously worked at Cisco Systems at a "sales" position not identified in the Statement of Claim. Claimant is by no means unfamiliar with technology companies or lacking in experience with them.

While Claimant concedes that she has an unidentified beef with her former investment advisor, Mr. Baratta, there is no indication by Claimant that she has filed suit against him alleging any kind of misconduct. Rather, curiously ignoring her indicated objectives of speculation and growth and her own choice of a non-PSI employee as an investment advisor, Claimant asks that PSI pay her five times the amount of her stock market losses (plus punitive damages) without any legal basis whatsoever! Claimant has no legally cognizable claims to advance against PSI.

RELIEF REQUESTED

Claimant requested an award as follows:

1. Ordering Prudential Securities Incorporated to pay Ms. Jarrard an amount to be determined by the panel, but not less than One Million Five Hundred Thousand Dollars (\$1,500,000.00) to fully compensate Ms. Jarrard for her injury, loss and damage as a result of the foregoing, plus the amount by which Prudential securities Incorporated has improperly profited as a result of the foregoing improper acts and omissions including the disgorging of all commissions, margin interest, and other account charges, plus interest and statutory attorneys' fee; and
2. In addition, ordering Prudential Securities Incorporated to pay Ms. Jarrard an amount to be determined by the panel, but totaling not less than One Million Dollars (\$1,000,000.00), as punitive damages for its malicious misconduct in connection with Ms. Jarrard and her account, in order to adequately punish it and to deter similar misconduct by it and others in the future.
3. That the panel award Ms. Jarrard her costs and expenses incurred in this arbitration, including statutory attorneys' fees; and
4. That the panel grant Ms. Jarrard such other and further relief as justice requires.

Respondent requested that the Statement of Claim be dismissed and denied with prejudice. All costs should be assessed against Claimant for filing a frivolous Statement of Claim.

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 (the "NASD").

AWARD

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

1. The claims asserted in this matter are dismissed and denied in their entirety.
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, not specifically awarded or otherwise provided for above.

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(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 Equity Group, LLC f/k/a Prudential Securities Incorporated.

Member surcharge	\$	2,800.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	5,000.00
Total Member Fees	\$	8,550.00

Adjournment Fees

Adjournments requested during these proceedings:

Hearing Date(s), February 3-5, 2004 adjournment requested by Respondent	= \$1,200.00
Hearing Date(s), May 24-28, 2004 adjournment requested by Claimant	= \$1,200.00
Hearing Date(s), October 18-20, 2004 adjournment requested by Claimant	= \$1,500.00

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:

4	Pre-hearing session(s) with Panel	x	1,200.00	\$	4,800.00
	June 19, 2003	1	session		
	February 5, 2004	1	session		
	March 5, 2004	1	session		
	September 28, 2004	1	session		
8	Hearing sessions	x	1,200.00	\$	9,600.00
	May 23, 2005	2	sessions		
	May 24, 2005	2	sessions		
	May 25, 2005	2	sessions		
	May 26, 2005	2	sessions		
	Total Forum Fees			\$	<u>14,400.00</u>

The Arbitration Panel has assessed \$7,200.00 of the forum fees to Cynthia Jarrard.
The Arbitration Panel has assessed \$7,200.00 of the forum fees to Prudential Equity Group, LLC
f/k/a Prudential Securities Incorporated.

Fee Summary

Claimant, Cynthia Jarrard, shall be and hereby is liable for:

Initial Filing Fee	= \$	500.00
Adjournment Fee	= \$	2,700.00
<u>Forum Fees</u>	= \$	<u>7,200.00</u>
Total Fees	= \$	10,400.00
<u>Less payments</u>	= \$	<u>-1,700.00</u>
Balance Due NASD Dispute Resolution	= \$	8,700.00

Respondent, Prudential Equity Group, LLC f/k/a Prudential Securities Incorporated, shall be and hereby is liable for:

Member Fees	= \$	8,550.00
Adjournment Fee	= \$	<u>1,200.00</u>
<u>Forum Fees</u>	= \$	<u>7,200.00</u>
Total Fees	= \$	16,950.00
<u>Less payments</u>	= \$	<u>-13,550.00</u>
Balance Due NASD Dispute Resolution	= \$	3,400.00

All balances are due to NASD Dispute Resolution

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ARBITRATION PANEL

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Richard D. Sewell - Public Arbitrator, Presiding Chair
Keith U. Martin, Esq. - Public Arbitrator
Elrod P. Wilson - Non-Public Arbitrator

Concurring Arbitrators:

Richard D. Sewell
Richard D. Sewell
Public Arbitrator, Presiding Chair

7/30/05
Signature Date

Elrod P. Wilson
Elrod P. Wilson
Non-Public Arbitrator

Signature Date

Dissenting Arbitrator:

The position of the dissenting arbitrator is that the case be found in favor of the Claimant, Ms. Jarrard and that Ms. Jarrard be awarded the sum of \$250,000.00 and that all forum fees be assessed against Respondent.

Keith U. Martin, Esq.
Keith U. Martin, Esq.
Public Arbitrator

Signature Date

August 2, 2005
Date of Service (For NASD office use only)

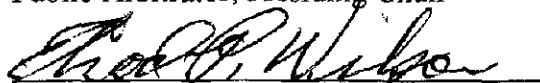
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Keith U. Martin, Esq. - Public Arbitrator
Elrod P. Wilson - Non-Public Arbitrator

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Public Arbitrator, Presiding Chair

Signature Date





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Elrod P. Wilson
Non-Public Arbitrator

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Public Arbitrator, Presiding Chair

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Keith U. Martin

Keith U. Martin, Esq.
Public Arbitrator

7/29/05
Signature Date

Date of Service (For NASD office use only)