

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Bruce W. Gerleman

and

02-06459
Omaha, Nebraska

Name of Respondents

Prudential Securities Inc. n/k/a
Prudential Equity Group, Inc.
Michael R. Foster

Nature of the Dispute: Customer vs. Member and Associated Person

REPRESENTATION OF PARTIES

Bruce W. Gerleman ("Claimant") was represented by George A. LaMarca, Esq. and Justin LaVan, Esq., LaMarca & Landry, P.C., West Des Moines, Iowa.

Prudential Equity Group, Inc., and Michael R. Foster ("Respondents") were represented by Dennis J. Concilla, Esq., and Douglas Jennings, Esq., Carlile, Patchen & Murphy LLP, Columbus, Ohio.

CASE INFORMATION

The Statement of Claim was filed on or about October 28, 2002. The Submission Agreement of Claimant Bruce W. Gerleman was signed on or about October 16, 2002.

The Statement of Answer was filed by Respondents Prudential Equity Group, Inc. and Michael R. Foster on or about January 17, 2003. The Submission Agreement of Respondent Prudential Equity Group, Inc. was signed on or about January 16, 2003. The Submission Agreement of Respondent Michael R. Foster was signed on or about December 19, 2002.

CASE SUMMARY

Claimant asserted the following causes of action: Violation of the Iowa Securities Act, Chapter 502; the securities law of the United States as contained in the Securities Act of 1933; the Securities and Exchange Act of 1934; and the Investment Company Act of 1940; breach of fiduciary duties; negligence; negligent supervision; suitability; and failure to supervise. Claimant seeks to recover damages as a result of recommendations by the Respondents in the purchase of seven stocks which resulted in substantial losses. The causes of action relate to the order

executions of the Engineer Animation, McLeod USA, Adaptec Inc., Apple Computer, CISCO, Purchase Pro, Verity Inc. stocks.

Unless specifically admitted in their Answer, Respondents Prudential Equity Group, Inc and Michael R. Foster denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant's Statement of Claim fails to state a claim upon which relief may be granted; Claimant expressly approved and ratified the acts and transactions complained of and upon which recovery is sought; Claimant failed to use the requisite due diligence in monitoring, trading, and managing and handling his accounts; Claimant's alleged losses were proximately caused by his own conduct or negligence or the acts of third parties or Claimant is guilty of contributory negligence in relation to the complaint of transactions; Claimant failed to mitigate his damages; all risks concerned in investing in securities were fully explained to Claimant; and Claimant's actions are barred by the principles of laches.

RELIEF REQUESTED

Claimant requested an award in the amount of \$375,000.00 for compensatory damages, plus attorney's fees and costs. Claimant requested an award in the amount of \$1,875,000.00 for punitive damages.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and such other further relief as the Panel may deem just and proper.

OTHER ISSUES CONSIDERED & DECIDED

Respondents moved to dismiss Claimant's claim at the close of Claimant's case, which was denied by the panel.

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, if any, 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 shall be and are hereby denied.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Michael Foster's registration records maintained by the

NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Michael Foster must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

3. 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.
4. 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 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 person at the time of the event giving rise to the dispute. In this matter, the member firm is Prudential Equity Group, Inc.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00

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 with Panel x \$1,200.00	= \$1,200.00
Pre-hearing conference: June 9, 2003 1 session	
Four [4] Hearing sessions x \$1,200.00	= \$4,800.00
Hearing Dates: October 21, 2003 2 sessions	

October 22, 2003 2 sessions

Total Forum Fees = \$6,000.00

The Arbitration Panel has assessed \$3,000.00 of the forum fees to Bruce W. Gerleman.
The Arbitration Panel has assessed \$3,000.00 of the forum fees to Prudential Equity Group, Inc.

Fee Summary

Claimant, Bruce W. Gerleman, shall be and hereby is liable for:

Initial Filing Fee	= \$ 500.00
<u>Forum Fees</u>	= \$3,000.00
Total Fees	= \$3,500.00
<u>Less payments</u>	= \$1,700.00
Balance Due NASD Dispute Resolution	= \$1,800.00

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

Member Fees	= \$8,550.00
<u>Forum Fees</u>	= \$3,000.00
Total Fees	= \$11,550.00
<u>Less payments</u>	= \$8,550.00
Balance Due NASD Dispute Resolution	= \$ 3,000.00

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

ARBITRATION PANEL

W. Russell Bowie, Esq. - Public Arbitrator, Presiding Chair
Norman Veitzer, Esq. - Public Arbitrator
Thomas J. Pleiss - Non-Public Arbitrator

Concurring Arbitrators:

/s/ W. Russell Bowie, Esq.
W. Russell Bowie, Esq.
Public Arbitrator, Presiding Chair

10/29/03
Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 02-06459
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/s/ Norman Veitzer, Esq.
Norman Veitzer, Esq.
Public Arbitrator

10/29/03
Signature Date

/s/ Thomas J. Pleiss
Thomas J. Pleiss
Non-Public Arbitrator

10/29/03
Signature Date

NASD Dispute Resolution, Inc.
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 Award Page 4 of 5

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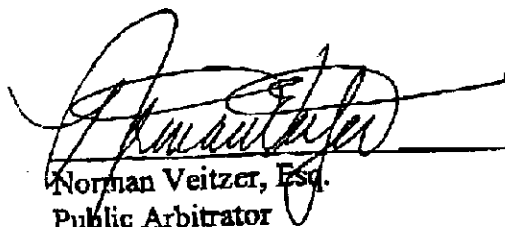
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Concurring Arbitrators:


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 Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 02-06459
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Norman Veitzer, Esq.
Public Arbitrator

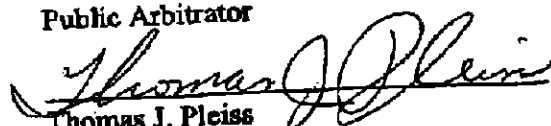
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Non-Public Arbitrator

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Signature Date

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Norman Veitzer, Esq.
Public Arbitrator


Thomas J. Pleiss
Non-Public Arbitrator

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