

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Norma J. Muir, TTEE Muir Family Trust

and

02-07794
Phoenix, Arizona

Name of Respondents

Prudential Equity Group, LLC

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

Norma J. Muir, TTEE Muir Family Trust ("**Claimant**") was represented by Paul A. Conant, Esq., Thomson Conant PLC, Phoenix, Arizona.

Prudential Equity Group, LLC ("**Respondent**") was represented by Charles B. LaChaussee, Esq., Prudential Securities, Inc., San Francisco, California.

CASE INFORMATION

The Statement of Claim was filed on or about December 26, 2002. Response to Motion to Exclude Witness and Documents was filed on or about November 17, 2004. Submission Agreement of Claimant Norma J. Muir was signed on December 22, 2002.

Statement of Answer was filed by Respondent Prudential Equity Group, LLC on or about March 21, 2003. Motion to Exclude Witnesses and Documents was filed on or about November 16, 2004. Submission Agreement of Respondent Prudential Equity Group, LLC was signed on March 17, 2003 by Charles LaChaussee.

CASE SUMMARY

Claimant asserted the following causes of action: Breach of fiduciary duty, negligent misrepresentation, negligence and negligent supervision. Claimant stated in the Statement of Claim:

In response to Mrs. Muir's request, Welker delegated the task to his assistant, Christine Dunbar. Then Ms. Dunbar gave Mrs. Muir bad advice and had her sign a form, the consequences of which were not known or understood by Mrs. Muir until the next year when the tax bill came – for a whopping \$302,475. [emphasis provided]

Mrs. Muir tried to get the Mesa branch of Prudential to remedy the situation, but that branch "passed the buck" to New York which blamed Mrs. Muir because she "signed the papers" that Christine Dunbar gave her. Unfortunately, Prudential refuses to acknowledge its responsibility for giving faulty advise to Mrs. Muir to sign the papers in the first instance.

That brings us here, because Prudential is responsible for a massive and unnecessary financial blow to the estate plans of Mr. Muir and the financial plans of his family. Because of Prudential's failure to act to remedy the situation and because of the effect of the taxes on the account, and the loss of opportunity for tax-deferred growth, the financial losses have been enormous to the Muir family.

Respondents specifically stated:

PSI generally and specifically denies each and every substantive allegation of wrongdoing contained in the Statement of Claim. PSI further asserts that the Claimant's PSI account were at all times handled properly and in accordance with applicable rules, regulations and laws. The allegations raised by the Claimant have no factual basis, and the Claimant fails to state any legal basis for recovery in arbitration. Indeed, this claim amounts to nothing more than an attempt to belatedly reverse decisions made by the Claimant and her late husband, and to improperly shift responsibility for their decisions to PSI.

RELIEF REQUESTED

Claimant requested an award of unspecified damages, plus attorney's fees, accountant's fees, expert witness fees, consultant fees, filing fees and forum fees.

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

OTHER ISSUES CONSIDERED & DECIDED

By letter dated November 19, 2004, the parties were advised of the Arbitration Panel's ruling on the Motion to Exclude Witnesses and Documents as follows:

The motion is denied. The Arbitration Panel would consider a request for attorneys' fees incurred to prepare the motion.

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 the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant Norma J. Muir's Statement of Claim has been dismissed in its 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 = \$250.00

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 is Prudential Equity Group, LLC.

Member surcharge	\$	1,500.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	2,200.00
Total Member Fees	\$	<u>4,450.00</u>

Adjournment Fees

Adjournments requested during these proceedings:

April 6-8, 2004, adjournment requested by Norma J. Muir = \$1,000.00

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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

1 Pre-hearing session(s) with Panel	x	1,000.00	\$	1,000.00
September 22, 2003	1	session		
7 Hearing sessions	x	1,000.00	\$	7,000.00
November 29, 2004	2	sessions		
November 30, 2004	2	sessions		
December 1, 2004	2	sessions		
December 2, 2004	1	session		
Total Forum Fees			\$	<u>8,000.00</u>

The Arbitration Panel has assessed \$7,500.00 of the forum fees to Norma J. Muir.

The Arbitration Panel has assessed \$500.00 of the forum fees to Prudential Equity Group, LLC.

Fee Summary

Claimant, Norma J. Muir, shall be and hereby is liable for:

Initial Filing Fee	= \$	250.00
Adjournment Fee	= \$	1,000.00
<u>Forum Fees</u>	= \$	<u>7,500.00</u>
Total Fees	= \$	8,750.00
<u>Less payments</u>	= \$	<u>-1,250.00</u>
Balance Due NASD Dispute Resolution	= \$	7,500.00

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

Member Fees	= \$	4,450.00
<u>Forum Fees</u>	= \$	<u>500.00</u>
Total Fees	= \$	4,950.00
<u>Less payments</u>	= \$	<u>-4,450.00</u>
Balance Due NASD Dispute Resolution	= \$	500.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Howard R. Gaines, Esq. - Public Arbitrator, Presiding Chair
David C. Rupley - Public Arbitrator
Stephen E. Lyders - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Howard R. Gaines, Esq.
Howard R. Gaines, Esq.
Public Arbitrator, Presiding Chair

12/06/04
Signature Date

/s/ David C. Rupley
David C. Rupley
Public Arbitrator

12/06/04
Signature Date

/s/ Stephen E. Lyders
Stephen E. Lyders
Non-Public Arbitrator

12/06/04
Signature Date

12/7/04
Date of Service (For NASD office use only)

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

Member Fees	= \$	4,450.00
Forum Fees	= \$	500.00
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12-6-04
Signature Date

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Public Arbitrator

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Arbitration No. 02-07794
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Howard R. Gaines, Esq.
Public Arbitrator, Presiding Chair

Signature Date

David C. Rupley
Public Arbitrator

Signature Date



Stephen E. Lyders
Non-Public Arbitrator

12-6-2004

Signature Date

Date of Service (For NASD office use only)